# FIREWEED ZINC LTD.
# INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS
# For the Three Months Ended March 31, 2019

## NOTE TO READER

This Management's Discussion and Analysis ("MD&A") is for the period ended March 31, 2019 of Fireweed Zinc Ltd. ("Fireweed" or the "Company") prepared as at May 29, 2019 and should be read in conjunction with the Company's condensed interim financial statements and related notes for the three months ended March 31, 2019 and annual audited financial statements for the year ended December 31, 2018. All financial information in this MD&A and all dollar amounts are in Canadian dollars unless otherwise noted. Additional information relating to the Company is available on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com and on the Company's website: www.fireweedzinc.com

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls to ensure that information used internally or disclosed externally, including the MD&A, is complete and reliable.

This document contains forward-looking statements. Please refer to "Note Regarding Forward-Looking Statements".

## DESCRIPTION OF BUSINESS

Fireweed Zinc Ltd. is an exploration stage, public mineral exploration company focused on zinc and managed by a veteran team of mining industry professionals. The Company is advancing its large 544 km$^2$ Macmillan Pass Project (the 'Project") in Yukon, Canada, which is host to the 100%-owned Tom and Jason zinc-lead-silver deposits with current mineral resources and a preliminary economic study ("PEA") as well as the Boundary Zone and End Zone which have significant zinc-lead-silver mineralization drilled but not yet classified as mineral resources. The project also includes option agreements on large blocks of adjacent claims (MAC, MC, MP, Jerry, BR and NS) (collectively with the Tom, Jason and Nidd claims, the "Macmillan Pass Project" or the "Property") which cover exploration targets in the district where previous work identified zinc, lead and silver geochemical anomalies in prospective host geology.

The Company acquired 100% interest in the Tom and Jason claims and assets through exercise of an option (the "Hudbay Option Agreement") from Hudbay Minerals Inc. ("Hudbay"). The Company acquired 100% interest in the neighbouring Nidd claims from Teck Metals Ltd. ("Teck"). With these properties, along with other optioned neighbouring claims, the Company has now consolidated all the key claims and known large zinc prospects of the Macmillan Pass Zinc District.

The Company was incorporated on October 20, 2015 and commenced business at that time. The Company's business is to operate as a mineral exploration and development company focused on the funding and exploration of the Project. Fireweed completed its initial public offering (the "IPO") on May 29, 2017 and commenced trading on the TSX Venture stock exchange (the "Exchange") as a Tier 2 issuer under the symbol FWZ. The Company is incorporated in Yukon, extra-provincially registered in British Columbia and is a reporting issuer in British Columbia, Yukon, Ontario and Alberta. To date, equity financings have provided the main source of financing.

The recovery of the Company's investment in its Property will depend upon the discovery and definition of economically recoverable mineral reserves and the ability to raise sufficient capital to finance mining operations. The ultimate outcome of these operations cannot presently be determined because they are contingent on future matters.

## HIGHLIGHTS AND RECENT DEVELOPMENTS

During the three months ended March 31, 2019, the Company accomplished the following:

- On February 15, 2019, the Company closed a non-brokered private placement. A total of 2,379,750 common shares, 1,820,728 flow-through common shares, and 1,255,000 flow-through common shares via a charity donation were sold at prices of $0.80, $0.95, $1.10 respectively for aggregate gross proceeds of $5,013,992.
- A total of 1,000 agents' warrants were exercised at $0.50 for gross proceeds of $500.

Subsequent to the quarter ended March 31, 2019, the following events have taken place:

- On May 7, 2019, a total of 200,000 agents' warrants were exercised at $0.50 for gross proceeds of $100,000.
- On May 14, 2019, a total of 15,000 agents' warrants were exercised at $0.50 for gross proceeds of $7,500.
- On May 21, 2019 the Company issued a news release outlining exploration plans for upcoming field season including a minimum of 2,000 meters of core drilling and 1,000 meters of reverse circulation drilling with the objectives of expanding the current resources and exploring for new discoveries.

## MACMILLAN PASS PROJECT

The Macmillan Pass Project encompasses 544 km$^2$ of mineral claims located approximately 200 km northeast of the settlement of Ross River in the eastern Yukon Territory of Canada. It is host to the large Tom and Jason sediment-hosted exhalative sulphide ("Sedex") zinc-lead-silver deposits as well as the End Zone and Boundary Zone that have significant mineralization drilled but not yet classified as mineral resources. The Company has a fully operational camp near the Tom deposit which is accessible via the North Canol Road (designated Yukon Highway No. 6) from Ross River and via a local airstrip.

The deposits are located in the Selwyn Basin and hosted in Devonian-age Lower Earn Group sedimentary rocks. Sulphide-barite mineralization occurs in thick stratiform lenses and extends for as much as 1,200 meters along strike and 450 meters down dip. The main sulphide minerals are sphalerite and galena.

To date the Tom deposits have seen a total of 3,423 meters of underground development, 5,953 meters of underground core drilling in 84 holes, and 32,559 meters of surface core drilling in 149 holes; at Jason a total of 39,869 meters has been drilled in 136 holes from surface to date; and at End Zone a total of 3,910 meters has been drilled in 18 holes from surface to date. The Tom site has a Class 3 Land Use Permit and a Type B Water Licence. Environmental water monitoring of the Tom site has been ongoing since 2000. Community relations have been good, and the Company employs workers and contracts service providers from the nearest community of Ross River for the exploration program.

*Terms of the Hudbay Option Agreement*

Fireweed signed the Hudbay Option Agreement for the Tom and Jason claims and associated assets on December 14, 2016 and exercised the option in February 2018. All claims, permits, licences and assets have been transferred and registered in the name of Fireweed. The agreement contained the following terms and conditions which have now been completed:

| Due Date | Cash | Common shares | Cumulative exploration expenditures |
|---|---|---|---|
| December 14, 2016 | $100,000 (paid) | - | - |
| Earlier of the Company's IPO and exercise of the option | $150,000 (paid) | - | - |
| December 14, 2017 | - | - | $250,000 (Completed) |
| Exercise of the option | $750,000 (paid) | 15% of diluted shares (issued)[1] | $1,000,000 (Completed) |

1. Issued 3,565,406 shares on February 2, 2018.

The Jason claims have an underlying 3% Net Smelter Royalty ("NSR") which can be bought out at any time for $5,250,000. There are no underlying royalties on the Tom claims.

*Terms of the MAC Claims Option Agreement with Newmont/Maverix*

On July 24, 2017 Fireweed signed an option agreement with Newmont Canada Holdings ULC ("Newmont") for the MAC claims. On June 29, 2018 Newmont sold the MAC claims option agreement to Maverix Metals Inc. ("Maverix") in a larger transaction whereby Maverix purchased a number of royalties and other assets from Newmont. As such the new registered owner and optionor of the MAC claims is Maverix.

Per the option agreement, the Company can acquire a 100% interest in the MAC claims located on the northwest extension of the Company's Tom and Jason claims, by paying $450,000 in staged cash payments over four years, maintaining the MAC claims in good standing (normally minimum $82,000 in work per year but currently zero due to a relief from assessment work order), and granting Maverix production royalties on the MAC claims as follows: 0.25% NSR on base metals, 1% NSR on silver and 3% NSR on gold.

The option payment terms are summarized as follows:

| Due Date | Cash |
|---|---|
| July 24, 2017 (signing of the option) | $50,000 (paid) |
| July 24, 2018 (first anniversary) | $80,000 (paid) |
| July 24, 2019 (second anniversary) | $95,000 |
| July 24, 2020 (third anniversary) | $110,000 |
| July 24, 2021 (fourth anniversary) | $115,000 |
| **TOTAL** | **$450,000** |

Fireweed may prepay any of the option payments and/or prepay the entire purchase price at any time. See the Company's news release dated August 8, 2017 for details.

*Terms of the MC, MP and Jerry Claims Option Agreement with Constantine Metal Resources Ltd. and Carlin Gold Corporation*

These optioned claims extend Fireweed's Macmillan Pass Project land position to the north, east and northeast over additional prospective ground (see map in the Company's news release dated March 27, 2018) and allow the Company to acquire a 100% interest in the 624 MC, MP, and Jerry quartz claim tenures from joint venture partners Constantine Metals Resources Ltd. ("Constantine") and Carlin Gold Corporation ("Carlin").

The Company can exercise this option and acquire 100% interest in the claims by making payments totaling $500,000 and issuing 300,000 Fireweed shares over three years to Constantine and Carlin as follows:

| Due Date | Cash | Common shares |
|---|---|---|
| Exchange approval of the option agreement (May 9, 2018) | $75,000 (paid) | 50,000 (issued) |
| On or before May 9, 2019 | $125,000 (paid)* | 50,000 (issued)* |
| On or before May 9, 2020 | $150,000 | 100,000 |
| On or before May 9, 2021 | $150,000 | 100,000 |
| **TOTAL** | **$500,000** | **300,000** |

*The cash payment of $125,000 was made and 50,000 shares were issued by the Company on May 3, 2019 subsequent to the period ended March 31, 2019.

Half of these payments are to Constantine and half to Carlin. The Company may prepay any of the option payments and/or prepay the entire purchase price at any time.

Although not part of the consideration payable to exercise the option, the Company will pay an additional $750,000 in cash or equivalent in shares, upon receiving a resource calculation of at least 2.0 million tonnes of indicated (or better) resource on any part of the MC, MP and Jerry claims. Constantine and Carlin will retain the right to receive a NSR on any future mine production from these claims as follows: 0.5% NSR on base metals and silver and 2% NSR on all other metals including gold. Fireweed maintains a right of first refusal on the sale of any NSR royalty from these claims by Constantine and/or Carlin.

See the Company's news release dated March 27, 2018 for details.

*Terms of the NS and BR Claims Option Agreement with Golden Ridge Resources Ltd.*

The Golden Ridge option extends the Company's Macmillan Pass Project land position to the west and south over additional prospective ground (see map in the Company's news release dated March 27, 2018).

This option allows the Company to acquire a 100% interest in the 333 NS and 326 BR quartz claim tenures from Golden Ridge Resources Ltd. ("Golden Ridge"). As per the initial agreement, the Company can exercise the option and acquire 100% interest in the claims by making payments totaling $500,000 and issuing 450,000 shares over three years to Golden Ridge. On April 15, 2019, the Company signed an amending agreement increasing the number of shares to be issued and reducing the payment to be made on or before 12 months following the initial agreement approval date of May 9, 2018. The number of shares issued changed from 75,000 to 121,875, while the cash payment to Golden Ridge was reduced from $75,000 to $37,500. In all other respects, the initial option agreement remains unchanged. The schedule below reflects updated terms of the agreement:

| Due Date | Cash | Common shares |
|---|---:|---:|
| Exchange approval of the option agreement (May 9, 2018) | $75,000 (paid) | 75,000 (issued) |
| On or before May 9, 2019 | $37,500 (paid)* | 121,875 (issued)* |
| On or before May 9, 2020 | $150,000 | 100,000 |
| On or before May 9, 2021 | $200,000 | 200,000 |
| **TOTAL** | **$462,500** | **496,875** |

*The cash payment of $37,500 was made and 121,875 shares were issued by the Company in May 2019, subsequent to the period ended March 31, 2019.

The Company may prepay any of the option payments and/or prepay the entire purchase price at any time.
Although not part of the consideration payable to exercise the option, the Company will pay an additional $750,000 in cash or equivalent in shares, to Golden Ridge, upon receiving a resource calculation of at least 2.0 million tonnes of indicated (or better) resource on any part of the BR and NS claims.

Golden Ridge will retain the right to receive net smelter return royalties on any future mine production from the BR and NS claims as follows: 0.5% NSR on base metals and silver and 2% NSR on all other metals, including gold. There is also a third party 3% NSR on any future cobalt production from the BR and NS claims. The Company will have the right to purchase one-half of these NSR royalties (excluding the cobalt royalty) for $2,000,000 at any time prior to the commencement of commercial production. The Company maintains a right of first refusal on the sale of any NSR royalty from the BR and NS claims by Golden Ridge. See the Company's news release dated March 27, 2018 for details.

*Terms of the Nidd Claims Purchase Agreement with Teck Metals Ltd. and Teck Mining Worldwide Holdings Ltd.*

The Nidd claims extend the Company's Macmillan Pass Project land position to the northwest over additional prospective ground including the Boundary zinc zone (see map in the Company's news release dated November 6, 2018).

On November 27, 2018 the Company closed the purchase agreement, acquiring a 100% interest in the 372 quartz claim tenures from Teck under the following terms:

- Purchase price of 1,500,000 Fireweed shares (one year lock up during which Teck cannot sell the shares).
- Teck to retain a 1% Net Smelter Return royalty on future production from the Nidd property.
- Teck to have a right of first offer to purchase from Fireweed future production concentrates from the Nidd Property.

See the Company's news release dated November 27, 2018 for more details.

### *Current Mineral Resources and PEA*

*Mineral Resource Report*

Based on the 2017 drill results along with the historic core re-sampling results and compilation of historic data, the Company announced updated NI43-101 compliant mineral resources on January 10, 2018 which were substantially larger than historically reported resources. The new base case resources were:

**Table 1: Base Case Mineral Resource Estimate** (at NSR cutoff grade of $65 CAD)

| Category | Tonnes (Mt) | ZnEq % | Zn % | Pb % | Ag g/t | B lbs Zn | B lbs Pb | MOz Ag |
|---|---|---|---|---|---|---|---|---|
| Indicated | 11.21 | 9.61 | 6.59 | 2.48 | 21.33 | 1.63 | 0.61 | 7.69 |
| Inferred | 39.47 | 10.00 | 5.84 | 3.14 | 38.15 | 5.08 | 2.73 | 48.41 |

Details and supporting information are provided in the NI43-101 Technical Report posted on www.sedar.com and in the Company's news release, both dated January 10, 2018.

*Preliminary Economic Assessment Report*

On May 23, 2018, the Company announced the positive results of an independent NI43-101-compliant Preliminary Economic Assessment ("PEA") for the Tom and Jason deposits prepared by JDS Energy and Mining, Inc. (JDS) with work on tailings and water by Knight Piesold Consulting, both of Vancouver, Canada utilizing the 2018 mineral resources of Table 1.

Production and Economic Highlights:

- Long mine life and large-scale production:
    - 18-year mine life with 32.7Mt of mineralization mined at 4,900 tonne-per-day average processing rate.
    - 1.54Mt of Zinc, 0.88Mt of Lead, and 37Moz of Silver in concentrate shipped.
    - Average yearly contained-metal production of 85kt Zinc, 48kt Lead and 2Moz Silver.

- Robust economics using metals prices of $1.21/lb Zn, $0.98/lb Pb, and $16.80/oz Ag:
    - Pre-Tax NPV at 8% of $779M CAD and IRR of 32%.
    - After-Tax NPV at 8% of $448M CAD and IRR of 24%.

- Manageable CAPEX and rapid payback:
    - Pre-production CAPEX of $404M CAD.
    - Payback period of 4 years.
    - Starter-pits on Tom West and Jason Main zones reduce up-front capital.

- Significant Upside
    - Numerous opportunities for significant economic improvement.
    - Known zones remain open for expansion, including into high-grade areas.
    - Highly prospective and large land package with untested exploration targets.

Details and supporting information are provided in the NI43-101 compliant Technical Report dated July 6, 2018 (effective date May 23, 2018) posted on www.sedar.com and in the Company's news release dated May 23, 2018.

### *2019 Exploration Plans*

During the first quarter the Fireweed technical team continued planning for an active 2019 exploration season in follow up to last year's drilling successes and the many exploration targets generated in 2018 and re-interpretation of earlier exploration results. The team also worked in the Yukon Government core library in February and March, logging previously donated historic drill core from the Property and flew to the Nidd claims to recover select drill core from the Boundary Zone for initial metallurgical work. Plans for the 2019 exploration season include drilling of further step out holes on the known zones of mineralization to expand mineral resources, drilling of new exploration targets defined in 2018, an airborne LiDAR topographic survey of the entire property and field work including geophysics, geochemistry and mapping toward development of additional exploration targets on the large property. See Fireweed news release dated May 16, 2019 for details of 2019 exploration plans

For more details on the Project and the Company, see Fireweed's NI43-101 compliant technical reports and news releases posted on the Company's website at www.FireweedZinc.com or at www.sedar.com.

*Leon McGarry, P.Geo., Senior Resource Geologist for CSA Global Canada Geosciences Ltd. is independent of Fireweed Zinc Ltd. and a 'Qualified Person' as defined under Canadian National Instrument 43-101. Mr. McGarry is responsible for the Mineral Resource Estimate and directly related information in this MD&A.*

*Michael Makarenko, P.Eng., Project Manager for JDS Energy and Mining, Inc., is independent of Fireweed Zinc Ltd. and a 'Qualified Person' as defined under Canadian National Instrument 43-101. Mr. Makarenko is responsible for the PEA results and directly related information in this MD&A.*

*George Gorzynski, P.Eng., Executive Vice President and Director of Fireweed Zinc Ltd., and a Qualified Person under the meaning of Canadian National Instrument 43-101, is responsible for other technical information (information not directly related to the Mineral Resource Estimate or the PEA) in this MD&A.*

## FINANCING AND CORPORATE DEVELOPMENT

## SELECTED ANNUAL INFORMATION

The following table summarizes selected financial data for the three recent fiscal years, ended December 31, 2018, 2017 and 2016, and should be read in conjunction with such financial statements, prepared in accordance with International Financial Reporting Standards ("IFRS") and the related notes thereon:

| Item | Fiscal Year Ended December 31, 2018 | Fiscal Year Ended December 31, 2017 | Fiscal Year Ended December 31, 2016 |
|---|---|---|---|
| Revenues | $ nil | $ nil | $ nil |
| Expenses | 1,521,734 | 959,487 | 188,639 |
| Net Loss | 1,976,734 | 959,487 | 188,639 |
| Net Loss per Share (based on fully diluted shares) | (0.07) | (0.07) | (0.06) |
| Current Assets | 1,787,669 | 1,301,843 | 78,177 |
| Exploration and Evaluation Assets | 19,663,555 | 2,794,672 | 101,971 |
| Total Assets | 21,518,713 | 4,132,000 | 180,148 |
| Current Liabilities | 327,380 | 293,126 | 31,808 |
| Working Capital | 1,460,289 | 1,008,717 | 46,369 |
| Shareholders' Equity | $ 20,479,900 | $ 3,829,825 | $ 148,340 |
| Number of Shares Outstanding | 31,696,776 | 17,756,370 | 5,700,000 |

## RESULTS OF OPERATIONS

As at March 31, 2019, Total Assets were $25,088,266 (December 31, 2018 - $21,518,713). As at March 31, 2019, exploration and evaluation assets totalled $20,088,266 (December 31, 2018 - $19,663,555). The details of the cost breakdown are contained in the schedule of Exploration and Evaluation Assets in the notes to the financial statements.

<u>For the three months ended March 31, 2019 and 2018</u>

The Company's net loss for the three months ended March 31, 2019 ("Q12019") was $490,528 ($0.01 per share), a decrease of $2,322 as compared to the three months ended March 31, 2018 ("Q12018") of $492,850 ($0.02 per share). The main contributors to the net loss were consulting and management fees, share-based compensation, investor relations and corporate development expenses as well as deferred income tax expense.

- Consulting and management fees were higher by $135,785 (Q12019 - $172,291; Q12018 – $36,506). Q12019 included a one-time bonus payment to the key management totaling $69,000 and salary adjustments to bring key management compensation from part-time rates up to full-time rates.
- Investor relations and corporate development expenses were lower by $152,647 (Q12019 - $76,783; Q12018 - $229,430) as the Company had less marketing and promotional activities in Q12019.
- Rent expense increased by $9,705 (Q12109 - $15,555; Q12018 - $5,850) as the Company increased its office space.
- Share-based compensation was lower by $33,217 (Q12019 - $131,470; Q12018 - $164,687) as there were less options vested in Q12019.
- Deferred income tax was higher by $73,259 (Q12019 - $73,259; Q12018 - $Nil) due to the eligible flow-through expenditures made in Q12019.

## SUMMARY OF QUARTERLY RESULTS

The following table sets forth selected quarterly financial information for each of the last eight quarters with the figures for each quarter in Canadian dollars.

| | **Mar 31, 2019** | **Dec 31, 2018** | **Sept 30, 2018** | **Jun 30, 2018** | **Mar 31, 2018** | **Dec 31, 2017** | **Sept 30, 2017** | **Jun 30, 2017** |
|---|---|---|---|---|---|---|---|---|
| Operating expenses | (417,269) | (453,206) | (144,640) | (431,038) | (492,850) | (488,798) | (160,398) | (224,764) |
| Net loss | (490,528) | (908,206) | (144,640) | (431,038) | (492,850) | (488,798) | (160,398) | (224,764) |
| Basic and diluted earnings (loss) per share | (0.01) | (0.03) | (0.00) | (0.01) | (0.02) | (0.03) | (0.01) | (0.02) |
| Total assets | 25,996,069 | 21,518,713 | 21,578,907 | 21,357,008 | 20,880,624 | 4,132,000 | 4,229,900 | 4,319,236 |
| Shareholders' equity (deficiency) | 24,310,772 | 20,479,900 | 19,898,169 | 19,808,174 | 19,692,403 | 3,829,825 | 4,107,339 | 4,267,737 |
| Capital stock | 26,422,836 | 22,242,738 | 20,823,071 | 20,825,078 | 20,615,578 | 4,592,913 | 4,674,623 | 4,674,623 |
| Deficit | 3,628,909 | 3,138,381 | 2,230,175 | 2,085,535 | 1,654,497 | 1,161,647 | 672,849 | 512,451 |

## LIQUIDITY AND CAPITAL RESOURCES

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and cash equivalents and equity comprised of issued share capital and deficit.

Fireweed manages and adjusts its capital structure in light of economic conditions and financial needs. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

### *WORKING CAPITAL*

As at March 31, 2019, the Company had positive working capital of $5,489,519 (December 31, 2018 - $1,460,289). Working capital included Prepaid Expenses of $200,441 (December 31, 2018 - $161,631), comprised of advances for exploration work, engineering, geophysics and insurance.

### *CASH*

On March 31, 2019, the Company had cash of $5,603,113 (December 31, 2018 - $1,575,784). Management of cash balances is conducted in-house based on internal investment guidelines. Cash is deposited with a major Canadian financial institution. Cash required for immediate operations is held in a chequing account. Excess funds may be invested in conservative money market instruments that bear interest and carry a low degree of risk. Some examples of instruments in which we may invest its cash are treasury bills, money market funds, bank guaranteed investment certificates and bankers' acceptance notes. The objective of these investments is to preserve funds for the use in and advancement of the Company's business.

### *CASH USED IN OPERATING ACTIVITIES*

Net cash used in operating activities during the three months ended March 31, 2019 was $340,628 (Q12018 - $454,773). Cash was mostly spent on consulting fees, investor relations expenses, legal fees, and general and administrative costs.

### *CASH USED IN INVESTING ACTIVITIES*

Total cash used in investing activities during the three months ended March 31, 2019 was $422,729 (Q12018 - $1,301,319), related to exploration work, land management and claims renewal payments, property reports and related costs.

### *CASH GENERATED BY FINANCING ACTIVITIES*

Total net cash generated by financing activities during the three months ended March 31, 2019 was $4,790,686 (2018 - $11,627,468), which consisted of funds obtained through the issuance of 5,455,478 shares in a non-brokered private placement and 1,000 shares upon exercise of agent's warrants.

### *REQUIREMENT OF ADDITIONAL EQUITY FINANCING*

The Company has relied primarily on equity financings for all funds raised to date for its operations and will need more funds to explore and develop the Project in the future. Until it starts generating profitable operations from exploration, development and sale of minerals, the Company intends to continue relying upon the issuance of securities to finance its operations and acquisitions.

The Company is not subject to externally imposed capital requirements as at March 31, 2019.

### OUTSTANDING SHARE DATA

The Company's authorized share capital consists of an unlimited number of common shares without par value.

As at March 31, 2019, there were 37,153,254 shares issued and outstanding (31,696,776 at December 31, 2018), which were issued for an aggregate consideration of $26,422,836, net of issuance costs and flow-through premium liability.

As of the date of this MD&A, the following shares, warrants and options were outstanding:

| | **Number of Shares/Options/Warrants** | **Exercise Price** | **Expiry Date** |
|---|---|---|---|
| Issued and Outstanding Shares | **37,540,129** | | |

| | Number of Shares/Options/Warrants | Exercise Price | Expiry Date |
|---|---|---|---|
| Agents' Warrants and Options | 162,000 | $0.50 | May 29, 2019 |
| Agents' Warrants and Options | 250,064 | $1.32 | February 25, 2020 |
| Agents' Warrants and Options | 34,680 | $0.95 | February 15, 2021 |
| Stock Options | 1,380,000 | $0.50 | April 26, 2022 |
| Stock Options | 30,000 | $0.70 | October 27, 2022 |
| Stock Options | 175,000 | $0.83 | December 06, 2022 |
| Stock Options | 860,000 | $1.45 | March 14, 2023 |
| **Fully Diluted at May 29, 2019*** | **40,431,873** | | |

* This number excludes 4,000,000 not yet issued performance shares (please refer to Note 15 in the financial statements for the period ended March 31, 2019 for more information).

## CRITICAL ACCOUNTING ESTIMATES

Our significant accounting policies are presented in Note 3 of the audited financial statements for the year ended December 31, 2018 and Note 3 of the interim financial statements for the period ended March 31, 2019. Note 3 provides that the preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Information about significant areas of estimation uncertainty in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are noted below.

## KEY SOURCES OF ESTIMATION UNCERTAINTY

<u>Exploration and evaluation assets</u>

Exploration and evaluation costs are initially capitalized as intangible exploration assets with the intent to establish commercially viable reserves. The Company is required to make estimates and judgments about the future events and circumstances regarding whether the carrying amount of intangible exploration assets exceeds its recoverable amount. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and upon future profitable production or proceeds from the disposition of the exploration and evaluation assets themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets.

<u>Deferred tax assets and liabilities</u>

The measurement of a deferred tax provision is subject to uncertainty associated with the timing of future events and changes in legislation, tax rates and interpretations by tax authorities. The estimation of taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future tax provisions or recoveries could be affected.

Share-based payments

The Company measures share-based payments expense by reference to the fair value of the stock options at the date at which they are granted. Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures.

Capital stock

Common shares are classified as shareholders' equity. Incremental costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in the private placements to be the more easily measurable component and the common shares are valued at their fair value, as determined by the closing market price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

## FINANCIAL INSTRUMENTS

Financial assets are classified and measured at amortized cost or fair value, based on how an entity manages its financial instruments and the contractual cash flows characteristics of the financial asset.

The classification of debt instruments is driven by the business model for managing the financial assets and their contractual cash flow characteristics. Debt instruments are measured at amortized cost if the business model is to hold the instrument for collection of contractual cash flows and those cash flows are solely principal and interest.

If the business model is not to hold the debt instrument, it is classified as fair value through profit and loss ("FVTPL"). Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

The Company classifies its financial assets into one of the categories described below, depending on the purpose for which the asset was acquired. Management determines the classification of its financial assets at initial recognition.

Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL, for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at fair value through other comprehensive income ("FVTOCI").

*Fair value through profit or loss ("FVTPL")* – Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the income statement. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the income statement in the period in which they arise. Derivatives are also categorized as FVTPL unless they are designated as hedges.

*Fair value through other comprehensive income ("FVTOCI")* - Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment

*Financial assets at amortized cost* - A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

The following table shows the classification of the Company's financial assets under IFRS 9:

| Financial asset | IFRS 9 Classification |
|---|---|
| Cash | Fair value through profit and loss |
| Reclamation bond | Financial asset measured at amortized cost |
| Other receivables | Financial asset measured at amortized cost |
| Accounts payable and accrued liabilities | Financial asset measured at amortized cost |

Financial liabilities other than derivative liabilities are recognized initially at fair value and are subsequently stated at amortized cost. Transaction costs on financial assets and liabilities other than those classified at fair value through profit or loss are treated as part of the carrying value of the asset or liability. Transaction costs for assets and liabilities at fair value through profit or loss are expensed as incurred.

## NEW AND AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS

The accounting policies in preparation of the condensed interim financial statements for the three months ended March 31, 2019 are consistent with those applied and disclosed in the Company's audited financial statements for the year ended December 31, 2018, except the adoption of the new standards and interpretations discussed below.

The newly adopted **IFRS 16, Leases** standard establishes principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019. The Company has assessed its office lease agreement and concluded that the agreement does not constitute the ability to direct the use (right to use) of the underlying office premises in the context of IFRS 16. As such, the adoption of the above standard has not had an impact on the results and financial position of the Company.

The newly adopted **IFRIC 23, Uncertainty over Income Tax Treatments** clarifies the accounting for uncertainties in income taxes. The interpretation provides guidance and clarifies the application of the recognition and measurement criteria in IAS 12 "Income Taxes" when there is uncertainty over income tax treatments. The adoption of the above standard, amendments and interpretations has not had an impact on the financial statements of the Company.

## RELATED PARTIES TRANSACTIONS

Related party transactions mainly include management and consulting fees, share-based compensation and director and committee fees. The related parties are represented by the key management personnel, which include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that the key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. Related parties also include companies, controlled by officers and/or directors.

| **Related Party** | **Nature of Relationship** |
|---|---|
| FT Management Ltd. | Company, controlled by CFO |
| Pelly River Ventures Ltd. | Company, controlled by CEO |

The renumeration to directors and key management personnel during the three months ended March 31, 2019 and 2018 was as follows:

| **Payee** | **Nature of the transaction** | | **Three months ended March 31, 2019** | | **Three months ended March 31, 2018** |
|---|---|---|---|---|---|
| Chief Executive Officer (CEO) | Management and consulting fees expensed | $ | 81,000 | $ | - |
| | Director and committee fees | | - | | 9,000 |
| | Share-based compensation | | 13,979 | | 14,004 |

| Payee | Nature of the transaction | | Three months ended March 31, 2019 | | Three months ended March 31, 2018 |
|---|---|---|---|---|---|
| Company, controlled by CEO | Management and consulting fees expensed | | - | | 6,500 |
| | Management and consulting fees capitalized to mineral property | | - | | 11,000 |
| | Investor relations | | - | | 12,500 |
| Former Chief Financial Officer (CFO) | Share-based compensation | | 633 | | 1,764 |
| Current Chief Financial Officer (CFO) | Management and consulting fees expensed | | 3,000 | | - |
| Directors | Director and committee fees | | 36,750 | | 45,000 |
| | Management and consulting fees expensed | | 71,191 | | 13,506 |
| | Management and consulting fees capitalized to mineral property | | 3,059 | | 16,494 |
| | Share-based compensation | | 51,878 | | 54,250 |
| | | $ | 261,490 | $ | 184,018 |

The following amounts were owed to directors and key management personnel. These payables are unsecured, non-interest bearing and are expected to be repaid under normal trade terms.

| | | | March 31, 2019 | | December 31, 2018 |
|---|---|---|---|---|---|
| Directors | Director and committee fees | $ | - | $ | 73,500 |
| Key management | Management fees and expense recoveries | | 91,495 | | 17,817 |
| | | **$** | **91,495** | **$** | **91,317** |

## ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGINIFICANT REVENUE

Additional disclosure concerning the Company's general and administrative expenses is provided in the Company's statement of loss and comprehensive loss contained in its financial statements for March 31, 2019, which are available on SEDAR: www.sedar.com.

## OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

## ADDITIONAL DISCLOSURE FOR JUNIOR ISSUERS

The Company had its second quarter with positive cash flow since its inception following the completion of the IPO. We expect the remaining proceeds of the February 2018 private placement, and the funds raised in February 2019, included in our available cash on hand at March 31, 2019 will be sufficient to fund our operations for at least 12 months. All costs relating to the acquisition and exploration of the Project are capitalized and reported in the Statements of Financial Position in the Company's financial statements. For details see the Company's Prospectus posted on the Company's website www.FireweedZinc.com, the audited Financial Statements for the year ended December 31, 2018 and interim financial statements for the period ended March 31, 2019, available on SEDAR at www.sedar.com.

## APPROVAL

The Board of Directors oversees management's responsibility for financial reporting and internal control systems through an Audit Committee. This Committee meets periodically with management and annually with the independent auditors to review the scope and results of the annual audit and to review the annual financial statements before the financial statements are approved by the Board of Directors and submitted to the shareholders of the Company. The Board of Directors has approved the unaudited interim financial statements for the three months ended March 31, 2019 and the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

## NOTE REGARDING FORWARD–LOOKING STATEMENTS

Except for historical information, this MD&A may contain forward-looking statements. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. These statements involve known and unknown risks, uncertainties, and other factors that may cause the Company's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievement expressed or implied by these forward-looking statements. The factors that could cause actual results to differ materially include, but are not limited to, the following: general economic conditions; changes in financial markets; the impact of exchange rates; political conditions and developments; relations with First Nations; weather; changes in the supply, demand and pricing of the metal commodities which the Company hopes to find and successfully mine; changes in regulatory requirements impacting the Company's operations; the ability to properly and efficiently staff the Company's operations; the sufficiency of current working capital and the estimated cost and availability of funding for the continued exploration and development of the Company's exploration property or properties. Should any one or more risks or uncertainties materialize or change, or should any underlying assumptions prove incorrect, actual results and forward-looking statements may vary materially from those described herein. This list is not exhaustive and these and other factors should be considered carefully, and readers should not place undue reliance on the Company's forward-looking statements. The Company believes the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon. These statements are current only as of the date of this MD&A. As a result of the foregoing and other factors, no assurance can be given as to any such future results, levels of activity or achievements and neither the Company nor any other person assumes responsibility for the accuracy and completeness of these forward-looking statements. The Company does not have any policies or procedures in place concerning the updating of forward-looking information other than those required under applicable securities laws.

## ADDITIONAL INFORMATION

Additional information relating to the Company can be found on its website at www.FireweedZinc.com and on SEDAR at www.sedar.com.

On behalf of the Board of Directors,

"*Brandon Macdonald*"
Brandon Macdonald
Chief Executive Officer
May 29, 2019