

**FINLAY MINERALS LTD.  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2018**

## **Introduction**

This management's discussion and analysis is intended to supplement the unaudited interim financial statements and the financial condition and operating results of Finlay Minerals Ltd. (the Company or "FYL") for the nine months ended September 30, 2018. The discussion should be read in conjunction with the unaudited interim financial statements of the Company and the notes thereto for nine months ended September 30, 2018 and the year ended December 31, 2017. The unaudited interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and include the operating results of the Company. Unless expressly stated otherwise, all financial information is presented in Canadian dollars. This information is current to November 29, 2018.

## **Operations**

The Company is focused on the exploration for gold-rich copper porphyry, epithermal gold, and mesothermal silver-copper targets in northern British Columbia, Canada. Details of the Company's properties in the Toodoggone (ATTY and PIL-Gold) and the Silver Hope Property in Houston, BC can be found in news releases and on the Company website at [www.finlayminerals.com](http://www.finlayminerals.com).

On July 5, 2018 the Company paid an additional \$9,300 of security deposit to the Ministry of Mines, Energy & Petroleum Resources in order to secure a Multi-Year Exploration permit for the Silver Hope. This brings total security deposits on the Silver Hope to \$19,500.

On July 12, 2018, the Company announced the commencement of field work on its PIL Property consisting of systematic, close-spaced trench sampling along the Gold-Silver (Au-Ag) Epithermal structure/zone. Trenches were excavated across the trend of the zone with emphasis on known bedrock and float mineralization. It was hoped that this work would determine the zone's width, strike and dip, alteration and mineralization.

On September 20, 2018, the Company announced the results of their 2018 trenching program on the PIL reporting nine new Au-Ag mineralized structures that evidenced several variably-oriented, steeply dipping zones of gold-silver mineralized quartz stockwork, silicification and quartz-carbonate breccias occurring within a structural trend estimated at 500 – 800m long by ~100m wide. Breccia sample T2-25 assayed 20.63g/t gold and 694g/t silver across 0.35m. It further noted that the full dimensions and extent of the various zones and the potential for nearby similar mineralization have yet to be delineated.

The management team is lead by John Barakso, M.Sc., Geochemistry, who has 40 years of exploration experience and success in northern British Columbia. Mr. Barakso, as a member of the Kemess & Equity Silver deposits discovery teams in the 1960's with Kennco Explorations (Western) Ltd., has focused his attention in the Toodoggone over the last 20 years, accumulating key properties now within Finlay Minerals Ltd. Additional members of the management team are Robert F. Brown, P. Eng. President & CEO and Warner Gruenwald, P. Geo, Vice President, Exploration who each have over 30 years in the mineral exploration field.

### **Silver Hope Property:**

On September 28, 2018, the Company received their Multi-Year Exploration Permit for the Silver Hope. The permitting was delayed due to the wildfires experienced throughout British Columbia and specifically the evacuation orders in place on the Silver Hope Property throughout most of the summer to mid-September. Fieldwork on the Silver Hope commenced in October.

#### *Previous Quarters relating to the Silver Hope Property*

On February 25, 2015, the Company announced the results of a three hole drilling program (1,200 metres) conducted in late 2014 on its 100%-owned Silver Hope Property located southeast of Houston, B.C. and immediately south of the former Equity Silver Mine. The Silver Hope is contiguous with the southern boundary of the past producing Equity Silver Mines Property (33,800,000 tonnes @ 0.4% copper, 64.7g/t silver, and 0.46g/t gold from open pit and underground mining) and covers prospective stratigraphy for discovery of stratabound copper-silver-gold mineralization.

The drill program highlights and significant intersections are outlined below:

- ♦ **SH14-02 intersected 61.25m of 0.05 g/t Au, 55.29 g/t Ag, 0.29% Cu with a CuEQ of 0.90%**

including 10.25m of 0.19 g/t Au, 318.77 g/t Ag, 0.88% Cu with a CuEQ of 4.32%

- ♦ **SH14-03 intersected 7.40m of 0.17 g/t Au, 25.89 g/t Ag, 0.29% Cu with a CuEQ of 0.69% intersected 90.70m of 0.04 g/t Au, 8.79 g/t Ag, 0.15% Cu with a CuEQ of 0.28% including 8.25m of 0.03 g/t Au, 17.30 g/t Ag, 0.40% Cu with a CuEQ of 0.60%**

For reference to the Drill Hole Location Map of the Silver Hope Property, please go to the Company's home page at [www.finlayminerals.com](http://www.finlayminerals.com)

#### Significant Intersections - Silver Hope 2014

DDH	From (m)	To (m)	Length (m)	Au g/t	Ag g/t	Cu %	Copper Equivalent %
SH14-02	38.00	99.25	61.25	0.050	55.29	0.29	0.90
<b>Includes</b>	<b>62.60</b>	<b>82.00</b>	<b>19.40</b>	<b>0.048</b>	<b>10.26</b>	<b>0.34</b>	<b>0.49</b>
<b>Includes</b>	<b>89.00</b>	<b>99.25</b>	<b>10.25</b>	<b>0.195</b>	<b>318.77</b>	<b>0.88</b>	<b>4.32</b>
	224.25	251.50	27.25	0.081	5.71	0.23	0.36
SH14-03	18.00	59.20	41.20	0.013	2.31	0.14	0.18
	165.00	201.70	36.70	0.012	3.44	0.14	0.18
	251.40	258.80	7.40	0.172	25.89	0.29	0.69
	310.30	401.00	90.70	0.041	8.79	0.15	0.28
<b>Includes</b>	<b>310.30</b>	<b>318.55</b>	<b>8.25</b>	<b>0.033</b>	<b>17.30</b>	<b>0.40</b>	<b>0.60</b>
<b>Includes</b>	<b>363.20</b>	<b>401.00</b>	<b>37.80</b>	<b>0.022</b>	<b>12.31</b>	<b>0.22</b>	<b>0.36</b>
	426.00	473.00	47.00	0.042	13.47	0.04	0.21

#### Notes:

1. Copper Equivalent (CuEQ) is calculated using the following metal prices: Gold: \$1,200/oz USD; Copper: \$2.50/lb USD; Silver; \$16.00/oz USD. Assumption includes 100% metallurgical recovery and net smelter returns.
2. All lengths are reported as core length (metres).  
Results reported are weighted averages with no top cutting and no internal waste.
3. Most samples are from 1 to 3 metres long. Precious metals range from <0.01g/t to 1.125g/t (Au) and 1.0 to 1,270 g/t (Ag).
4. Finlay employs a rigorous quality assurance/quality control (QA/QC) program on the Silver Hope Property that includes the regular insertion of certified reference standards and blanks along with the collection of duplicate samples.
5. Warner Gruenwald, P.Geo, Vice President, Exploration for Finlay Minerals Ltd., is the Qualified Person as defined by National Instrument 43-101 and he has prepared the scientific and technical content of this document. Sample analysis was conducted by Acme Analytical Laboratories Ltd. in Vancouver.

The 2014 Program Details are as follows:

Drill hole SH14-01 (350 m) targeted a large, deep Induced Polarization (IP) anomaly along the southern projection of the East Horizon Zone. Thick sequences of interbedded, volcanoclastic rocks, pyritic sediments and graphite were intersected. A few (<5m) zones of geochemically anomalous arsenic, silver, lead and zinc were identified. The sulphide – graphite content is believed to be the cause of the IP anomaly.

Drill hole SH14-02 (371 m) tested a strong IP chargeability anomaly delineated from surface to 400 metres deep in the Gaul Zone, the southernmost of the three Main Horizon mineral deposits. Andesitic volcanic and conglomeritic rocks with variable amounts of pyrite, chalcopyrite and localized tetrahedrite, galena and sphalerite were intersected down hole to nearly 300 metres. Two distinct, wide intervals of copper and silver mineralization including some higher grade zones were identified. Although the upper half of the hole was situated between two historic holes, SH14-02 yielded a longer and higher grade intercept. The lower mineralized intercept in this hole was below any of the nearby historic holes in this zone. The sulphide content is believed to be the cause of the strong IP anomaly.

Drill hole SH14-03 (473 m), located 120 metres west of hole SH11-12 (76 metres @ 0.43g/t gold, 29g/t silver and 0.20% copper), was drilled to test the down dip extent of this new Main Deep Horizon mineralization. Sulphide mineralization was found throughout much of the hole. Sulphide-rich breccias were intersected and appear similar, albeit narrower than those up dip in SH11-12. Extensive and often intense alteration marked by silicification, quartz veining and sericite are commonly associated with pyrite, chalcopyrite and localized tetrahedrite, arsenopyrite and sphalerite. The overall

extent of mineralization and alteration is however, substantially more widespread than in SH11-12. This zone is open along strike (north-south) and to depth.

Analytical data reveals multiple zones of mineralization with the most significant beginning at a down hole depth of 251 metres. Gold and silver content were less than in SH11-12 likely due to less extensive sulphide-rich breccia and fractured zones. As with SH11-12, this hole contains anomalous amounts of arsenic, bismuth and tellurium. The bottom eleven metres of this hole differs markedly from SH11-12 due to the distinctly anomalous levels of silver, bismuth, molybdenum, tellurium and tungsten.

The 2014 drilling continues to demonstrate the presence of copper-silver and gold mineralized zones along the Main and Main Deep Horizon in a geological setting similar to the former Equity Silver Mine. The Company's work has now extended the strike length of these mineralized horizons to 1.73 km. Further exploratory drilling is warranted as these mineralized zones are open along strike and to depth.

The Silver Hope Property has been the site of several successful exploration programs by the Company. A brief outline of the recent programs follows:

Early exploration in the region and the Silver Hope property focused on Equity Silver Mine type Cu-Ag deposits. In 2010 and 2011 however exploration at Silver Hope resulted in the discovery of a previously unknown but sizable Cu-Mo porphyry referred to as the WEST Horizon. This was exemplified by drill hole SH11-05 (602.0m) that intersected good porphyry mineralization from top to bottom. Several other holes also intersected long intervals of continuous Cu-Mo mineralization.

The 2010 and especially the 2011 drilling programs were also successful in the discovery of mineralization beneath the known mineral occurrences and well below the depths of historic drilling. This was exemplified by drill hole SH11-12 that returned 76 metres @ 0.43g/t gold, 29g/t silver and 0.20% copper. This very significant intersection also had a distinct geochemical signature thought to be related to a deep magmatic (intrusive) source. Such discoveries have identified the potential for deep polymetallic replacement-type mineralization along a five kilometer "mine structure" (i.e. Equity Silver South). The Company refers to this mineralization at Silver Hope as the MAIN Deep Horizon.

The 2011 program also resulted in the discovery of high-grade structural-related mineralization in SH11-08 (2.0m @ 498g/t silver and 0.22% copper) in the EAST Horizon. Compellingly, the EAST Horizon has further demonstrated very high pathfinder soil geochemistry as well as a prominent deep gravity anomaly. The EAST Horizon is postulated to be related to a deep intrusive source not yet intersected by drilling.

In early 2012 the Company completed a property-scale detailed airborne ZTEM geophysical survey. Multiple ZTEM targets were identified over a 5 by 7 kilometer area. The Company was able to verify many of the ZTEM targets with pre-existing ground Induced Polarization (IP) surveys, and core drilling. Some areas required detailed ground follow-up with geological mapping, soil sampling, and further geophysics to develop drill targets. The positive results of the property-wide ZTEM survey propelled the Company to stake additional ground expanding the size of the Silver Hope Property by 54% to 9,736 ha or 97.36 square kilometers.

In 2013 a field program of geological mapping, soil and rock sampling targeted the ZTEM anomalies. The work eliminated several of the targets while confirming potential on targets proximal to the West, Main and East Horizons. This work was followed later in the year with a deep IP survey south of drill hole SH11-12. Strong IP chargeability anomalies were identified at the south end of the East Horizon and proximal to the historic Gaul zone situated along the Main Deep Horizon.

In the first quarter of 2014, the Company completed a review of its 2013 field season data. Drill targets were selected based on historic information and the IP anomalies identified in the 2013 survey. This was followed in the fall by completion of the three drill holes detailed above.

The Company is planning exploration programs comprised of follow-up core drilling on more advanced targets such as the MAIN Deep and EAST Horizons, as well as reconnaissance geological and geochemical surveys on the various new airborne ZTEM targets. A definite plus for the Silver Hope Property is that it can be road accessed year-round for drilling programs.

\* *Copper and Gold Equivalents (CuEQ & AuEQ) are calculated using metal price lows over the past one year period and assuming 100% metallurgical recovery and net smelter returns.  
Gold: \$1,400/oz USD; Copper: \$3.00/lb USD; Silver: \$25.00/oz USD.*

Further details are available on the Finlay website under the **Silver Hope Property**.

### The Pillar East Zone and the PIL Property:

In the third quarter of 2018, the Company conducted geological mapping, hand trenching and sampling along the 800m extent of the ENE trending Au-Ag Epithermal Zone immediately north of the Copper Cliff showing in the Pillar East Zone in late July. On September 20, 2018, the Company announced the results of this field work expanding the Au-Ag structural trend to an estimated at 500 – 800 metres long by ~100 metres wide:

- Detailed channel sampling yielded 102 rock samples from 14 trenches scattered along 500 metres of the 800m trend. Overburden was generally less than 1m thick;
- 9 new Au-Ag mineralized structures (zones) were identified by trenching;
- Trenches T1 and T2 exposed steeply dipping, northwest striking mineralized zones comprised of silicification, quartz veining and quartz-carbonate breccias. Elsewhere several trenches exposed mineralized and structural (fault) zones that strike northerly and dip near vertically suggesting there are two or more structural orientations associated with the epithermal trend;
- Overall, 23 trench samples returned greater than (>) 1,000 ppb (1.00g/t) Au and ranged up to 20.63g/t Au;
- 15 trench samples assayed > 50g/t Ag and ranged up to 694g/t Ag;
- Free gold, electrum and argentite (silver) were visually identified in four samples from Trench T2 that targeted a 2017 sub-crop discovery (see Finlay NR 04-18 dated April 24, 2018);
- Metallic analysis of higher-grade samples confirmed the presence of coarse gold and silver;
- Galena (Pb), sphalerite (Zn) and chalcopyrite (Cu) are present in many of the new zones.

**Table of Significant Results from 2018 Trenching Program:**

Trench	Sample	Interval (m)	Au (g/t)	Ag (g/t)	AuEq (g/t) *
T1	T1-02	1.00	2.67	102.00	3.87
T1	T1-07	0.40	5.70	48.90	6.27
T1	T1-08	0.80	8.35	64.50	9.11
T2	T2-10, 11	1.30	2.94	48.42	3.51
T2	T2-13 - 15	1.25	6.16	191.10	8.41
	<b>includes T2-13</b>	<b>0.40</b>	<b>12.22</b>	<b>567.00</b>	<b>18.89</b>
T2	T2-18, 19	0.85	4.19	109.29	5.48
T2	T2-22	0.25	5.29	87.00	6.31
T2	T2-25, 27	0.95	8.13	269.64	11.30
	<b>includes T2-25</b>	<b>0.35</b>	<b>20.63</b>	<b>694.00</b>	<b>28.79</b>
T2	T2-33	0.45	3.22	49.50	3.80
T2	T2-34, 35	1.35	4.26	33.70	4.65
T2	T2-39, 40	1.25	5.29	44.71	5.82
	<b>includes T2-40</b>	<b>0.45</b>	<b>14.22</b>	<b>113.00</b>	<b>15.55</b>
T2	T2-42, 43	1.30	1.49	33.52	1.89
T2	T2-46	0.70	3.08	26.20	3.39
T2	T2-48	1.15	1.08	4.00	1.13
T6	T6-01	1.15	2.44	16.60	2.63
T6	T6-07	0.75	1.71	102.00	2.91
T8	T8-02	0.55	2.34	86.00	3.35
T11	T11-01	2.05	1.62	9.10	1.73
T13	T13-01	1.40	5.22	19.00	5.44

Notes to Table of Significant Results:

1. All intervals represent true width;
2. AuEq\* was calculated using the ratio of 1:85 (Au – USD \$1,200/oz, Ag – USD \$14.00/oz);
3. Assay values are uncut.

#### **Next Steps Now and in 2019:**

1. Conduct a further 5.4 km of deep induced polarization (IP) geophysical surveying from Pillar East westerly across the Atlas East Zone - this is scheduled for 2019;
2. Conduct petrographic analysis of the trenching samples – this will start immediately.
3. Compile the IP survey results along with the recent trench sampling, petrographic studies and historic soil and rock geochemical data from the Pillar East Au-Ag epithermal system and the Copper Cliff Zone along with the Atlas East Zone geochemical and shallow drilling results.
4. Plan a detailed mapping program of the 800m x 100m Au-Ag structural system, the Copper Cliff and the Atlas East concurrent with the proposed definition trenching program below.
5. Carry out a \$100,000 to \$150,000 definition trenching program that will further delineate the size, structural orientation and drill targets of the Au-Ag structural system.

The PIL property is situated in the Toodoggone mining district: a mineral-rich belt host to numerous porphyry copper-gold and epithermal Au-Ag deposits. The property lies immediately northeast of the former Baker Au-Ag Mine (Sable Resources) and 35 km northwest of the former Kemess Cu-Au open pit mine.

No deep drilling has ever been conducted at any of the PIL Property mineralized zones.

#### *Previous quarters relating to the PIL Property*

In 2017, the Company conducted an airborne magnetic survey, geological mapping, soil and rock sampling, and an Induced Polarization (IP) geophysical survey over the Copper Cliff area and adjacent 800 metre (m) long Gold-Silver (Au-Ag) Epithermal structure. (Reference: NR04-18 dated April 24, 2018). The 2017 exploration highlights were:

- a quartz breccia sub-outcrop grab sample over a 1.5m by 1.5m area (**W17R-01**) was collected along the trend of the Au-Ag Epithermal Zone grading 19.95g/t Au and 423g/t Ag – the best results to date. This sample is 40m south of a 2016 discovery of a 0.5m quartz breccia boulder assaying 6.56g/t Au and 13.1g/t Ag;
- an unusual breccia dike, 1.5km westerly in the Atlas Zone, containing granitic fragments not mapped in the area was re-examined. A selected 2017 grab sample (**TAN-003A**) of the dike with suspect chalcocite (copper mineral) assayed 2.76% Cu and 52g/t Ag;
- the IP survey identified a general increase in chargeability values with a weak but well-defined chargeability anomaly visible at the southern portion of the Au-Ag Epithermal Zone and north of the Copper Cliff; these weak chargeability results could be indicative of the (copper) mineralization being low in sulphides. Typically, it is high sulphides that trigger a strong IP response;
- the geological mapping completed interprets the Copper Cliff as copper-silver mineralization, along with copper mineralized zones several hundred metres to the north and northwest occur as contact zones of hypabyssal (shallow depth) monzonite bodies and Toodoggone volcanic rocks;
- Drilling continues to be warranted in order to test the potential for: 1) porphyry copper-molybdenum at the NW Zone, 2) copper-silver at the Pillar East Copper Cliff Zone and 3) precious metals along the Pillar East Au-Ag Epithermal Zone.

The Company believes that the coincidental association of a large Thorium/Potassium anomaly, the Atlas East and Pillar East Epithermal Au-Ag Zones, the Copper Cliff occurrences, and granitic clasts in copper mineralized breccia dikes are potentially related to the effects of a large, deep-seated alkalic porphyry system.

#### **Copper Cliff Zone –**

In 2015, abundant chalcopyrite and malachite (copper minerals) were found in volcanic rocks on a large talus slope while exploring near the southern part of the epithermal gold-silver zone. Four composite rock samples collected from the slope returned 0.99% to 1.67% copper (Cu) and up to 33.8g/t silver (Ag).

A significant development of the 2016 program was the discovery of copper mineralized bedrock uphill (south) of the talus samples collected in 2015. This mineralization occurs in a rock of monzonitic composition rather than in volcanic tuff as seen on talus slopes below. Copper mineralization in bedrock extends at least 40 metres east-west by 30 metres north-south. Visual indications of malachite on steep rock faces to the east combined with copper mineralization on the talus slope below (north) indicates that the Copper Cliff Zone is larger. Potentially significant is that this mineralization is associated with a 1 to 2 km diameter Thorium/Potassium anomaly – one of the largest of the 2004 Toadoggone airborne geophysical survey.

Of eleven rock samples collected (continuous outcrop chip and composite base of cliff talus samples) all contain disseminated chalcopyrite mineralization. In some areas chalcopyrite concentrations exceed 5%. Copper and silver assays range from 0.05% to 1.04% Cu and 2.8 to 23.9g/t Ag respectively.

**Significant Rock Samples from the Copper Cliff Zone**

Sample	Type	Length (m)	Cu (%)	Ag (g/t)
W16R-28	Composite talus at base of outcrop	25.0	1.04	23.9
W16R-30	Continuous bedrock chip sample	3.5	0.64	11.9
W16R-32	Continuous bedrock chip sample	4.5	0.76	12.5
W16R-33	Continuous bedrock chip sample	4.0	0.44	15.0
W16R-34	Continuous bedrock chip sample	8.5	0.94	21.3
W16R-35	Continuous bedrock chip sample	10.0	0.79	14.1
W16R-36	Continuous bedrock chip sample	8.0	0.32	7.5
W16R-38	Continuous bedrock chip sample	1.5	1.03	7.2

In addition to geochemical analysis, two samples were submitted for petrographic analysis which describes the rock as potassic altered low-iron (Fe)/high-copper (Cu) hypabyssal monzonite porphyry with abundant chalcopyrite mineralization.

#### **Epithermal Gold-Silver -**

Gold-silver mineralization was first identified at Pillar East in bedrock, float, soil and silt samples from the Company's initial work. Work in 2016 tested many of the strongest gold-in-soil and rock sample anomalies from the previous programs. In virtually every case, an anomalous gold-in-soil was confirmed by evidence of quartz veining, stockwork or quartz breccias. Close spaced soil samples collected across the gold anomalies returned from background to 2.88 g/t Au. Of the ten soil samples containing >0.1g/t Au, nine yielded from 1.1 to 50.3g/t Ag with one soil sample assaying 232g/t Ag. Twelve of the sixteen rock samples collected during the follow-up work returned anomalous Au and Ag ranging from background to 6.57g/t Au and background to 69.7g/t Ag respectively. Many of the most anomalous soil and rock samples also contain significant amounts of lead (Pb) and zinc (Zn) with some rock samples occasionally grading over 0.5% combined Pb-Zn. (Reference: NR06-16 dated October 25, 2016).

**Significant Rock Samples from Pillar East Epithermal Au-Ag Zone**

Sample	Sample Type	Length (m)	Au (g/t)	Ag (g/t)	Pb (ppm)	Zn (ppm)
W16R-05	Bedrock chip of rusty zone	0.75	1.57	16.3	1,403	485
W16R-07	Composite chips of angular float	0.50	6.57	13.1	1,531	1,727
W16R-09	Chip sample of rusty zone	2.50	1.07	13.0	467	798
W16R-10	Composite rock chips across talus slope	15.0	1.25	69.7	2,724	4,449

To date, the geological and geochemical evidence and data indicate that the Pillar East Epithermal Au-Ag Zone is approximately 800 meters long and of unknown width. It is open along strike with the possible strike extensions, especially to the south, obscured by talus.

Further details are available on the Finlay website under the **PIL Property**.

## ATTY Property:

In the third quarter of 2018, Serengeti Resources Inc. ("Serengeti") conducted \$300,000 worth of field work per the first-year binding terms of the Option Agreement executed March 1, 2018. Serengeti's field work consisted of 21 line-kilometres of Induced-Polarization (IP) geophysical surveys, property-scale mapping by Dr. Jim Oliver, P. Geo., and re-logging and sampling of historical drill core from Finlay's 2004 drill program. Serengeti's 2018 field program identified four drill targets – one of which had already been discovered and/or indicated through the Company's 2007 Titan IP geophysical survey.

On March 1, 2018, Finlay optioned the ATTY Property to Serengeti Resources Inc. for \$1.85 million in consideration and \$12 million of work over 8 years. (Reference: NR01-18 dated March 5, 2018). The option agreement's term is over 8 years with all cash payments totaling \$625,000, combined cash and/or share payments totaling \$975,000, and further payments of \$250,000 to purchase Finlay's royalty rights, in addition to work commitments on the ATTY Property of \$12 million. The first year of the agreement is binding for Serengeti, including \$300,000 of work on the ATTY to be completed by February, 2019. (Reference: Note 3 of the 2018 Q3 financial statements for the detailed terms of the Option and Royalty Agreements.)

This option agreement continues to be in effect.

### Previous Quarters relating to the ATTY Property

On January 13, 2017 AuRico Metals Inc., the previous owner of the Kemess Property directly south of ATTY, with two distinct deposits: Kemess East and Kemess Underground within 1 km of the ATTY/Kemess border, announced an expanded high-grade core to the Kemess East deposit increasing the indicated tonnage from the previous 2016 resource estimate by 250%. The Kemess East Project is an underground deposit with no surface expression which continues to be open north and south of the deposit.

On March 15, 2017, AuRico Metals Inc. announced that it had received Environmental Assessment approval for the Kemess Underground Project.

On November 7, 2017, Centerra Gold announced the friendly acquisition of AuRico Metals and therefore, the Kemess Project; this acquisition completed in January 8, 2018.

The southern portion of the ATTY claim (due north of the Kemess property) has a similar geological setting to the Kemess copper-gold deposits. The Company's Titan geophysical survey program during the summer of 2007 identified deep chargeability anomalies potentially indicating that copper-gold porphyry mineralization of the Kemess East Zone being drilled by AuRico Metals may extend onto the ATTY property.

Further details are available on the Finlay website under the **ATTY Property**.

## Summary of Quarterly Results

The following table sets forth selected financial information for each of the last eight most recently completed quarters:

	Quarters Ended			
	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
Revenue	\$nil	\$nil	\$nil	\$nil
(Loss)/Income	(\$19,422)	(\$25,355)	(\$23,178)	(\$225,370)
(Loss)/ Income Per Share	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)
	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
Revenue	\$nil	\$nil	\$nil	\$nil
(Loss)/Income	(\$8,940)	(\$20,651)	(\$20,751)	(\$12,907)
(Loss)/Income Per Share	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)

## **Financial Condition**

At September 30, 2018, the Company had Current Assets of \$201,176 (December 31, 2017 - \$323,945). Net mineral property costs during the period totalled \$14,629; comparatively, mineral property costs for the period ended December 31, 2017 were \$109,737.

During the nine months ended September 30, 2018, general and administrative expenses for the period were \$88,087 compared to \$66,895 in September 30, 2017. The increase was primarily due to \$24,854 in legal and accounting costs, an increase of \$5,704 in insurance, an increase of \$2,881 in rent, and an increase of \$79 in telephone. This was offset by a decrease in advertising and promotion of \$4,303 and a decrease of \$2,787 in travel and accommodations, a decrease of \$4,484 in trust and filing fees, a decrease of \$496 in office and administration, and a decrease of \$80 in bank charges and interest.

At September 30, 2018, the Company had a working capital of \$174,909 (December 31, 2017 - \$282,493).

There has been no change in the nature or manner in which business is conducted nor in business conditions which would affect the Company's financial results. All results are reported in Canadian dollars.

## **Capital Resources and Liquidity**

The Company is in the exploration stage and therefore, has no cash flow from operations. At September 30, 2018, the Company had cash and cash equivalents of \$168,207 (December 31, 2017 - \$304,168).

At September 30, 2018, the Company had \$2,577 (December 31, 2017 - \$9,194) in amounts receivable.

At present, the Company's operations do not generate cash flows and its financial success is dependent on management's ability to discover economically viable mineral deposits. The mineral exploration process can take many years and is subject to factors that are beyond the Company's control.

The Company currently has sufficient financial resources to meet its administrative overhead and property commitments going forward and is confident that it can raise additional funds to undertake all of its planned exploration activities.

## **Investor Relations**

The Company manages its investor relations in-house.

The Company also maintains a website at [www.finlayminerals.com](http://www.finlayminerals.com) for investor reference.

## **Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

## **Proposed Transactions**

None.

## **Critical Accounting Estimates**

A detailed summary of all the Company's significant accounting policies is included in Note 2 of the Company's December 31, 2017 audited financial statements.

## **Financial Instruments and Financial Risk**

The Company's financial instruments, at September 30, 2018, consist of cash, reclamation deposits, amounts receivable, accounts payable, accrued liabilities, and due to related parties. Cash has been classified as financial assets at fair value through profit or loss and is recognized at fair value. Reclamation deposits and amounts receivable have been classified as loans and receivables, the carrying values of which approximate their fair values due to their short term nature. Accounts payable and accrued liabilities and due to related parties are classified as other financial liabilities, measured at amortized cost using the effective interest rate method, however due to their short term nature, their

carrying amounts approximate fair value.

### **Outstanding Share Data**

The Company has one class of common share. As at November 29, 2018, there were 77,024,991 common shares outstanding.

No class A or class B preference shares have been issued.

The Company has a stock option plan. As at November 29, 2018, there were 3,650,000 stock options outstanding, all of which have vested.

The Company has 3,153,595 warrants outstanding at November 29, 2018.

The Company has no agent's options or agent's warrants outstanding at November 29, 2018.

### **Events After The Reporting Period**

On October 9, 2018, 1,958,333 share purchase warrants of the Company expired unexercised.

On October 18, 2018, 2,857,143 share purchase warrants were exercised by the Company's Chairman at \$0.05.

Therefore, as at November 29, 2018, the Company has 77,024,991 common shares issued and outstanding and 3,153,595 share purchase warrants outstanding.

### **Financial Instrument Risks**

The Company's financial instruments are exposed to the following risks:

#### *Credit Risk*

The Company's primary exposure to credit risk is the risk of illiquidity of cash and cash equivalents, amounting to \$168,207 at September 30, 2018 (December 31, 2017 - \$304,168). As the Company's policy is to limit cash holdings to instruments issued by major Canadian banks, or investments of equivalent or better quality, the credit risk is considered by management to be negligible.

#### *Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to pay financial instrument liabilities as they come due. The Company's liquidity risk from financial instruments is its need to meet accounts payable and accrued liabilities and related party balance obligations. The Company maintained sufficient cash and cash equivalent balances to meet these needs at September 30, 2018.

#### *Interest Rate Risk*

The Company has cash balances and only fixed interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institution. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

#### *Fair Value of Financial Instruments*

The fair value of the Company's financial assets and liabilities approximates the carrying amount. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair value classifications of the Company's financial instruments are as follows:

	Fair value level	September 30, 2018		December 31, 2017	
		Fair value through profit or loss	Loans and receivables and other financial liabilities at amortized cost	Fair value through profit or loss	Loans and receivables and other financial liabilities at amortized cost
		\$	\$	\$	\$
<i>Financial assets:</i>					
Cash and cash equivalents	1	168,207	-	304,168	-
Reclamation deposits		-	91,500	-	82,200
		168,207	91,500	304,168	82,200
<i>Financial liabilities:</i>					
Accounts payable and accrued liabilities		-	10,202	-	14,195
Due to related parties		-	-	-	1,757
			26,267		15,952

During the nine month period ended September 30, 2018 and the year ended December 31, 2017, there were no transfers between level 1, level 2 and level 3 classified assets and liabilities.

## RISK AND UNCERTAINTIES

Risks of the Company's business include the following:

### **Mining Industry**

The exploration for and development of mineral deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration programs planned by the Company will result in a profitable commercial mining operation.

Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, as well as metal prices which are highly cyclical and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

Mining operations generally 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 ore, including unusual and unexpected geology formations, rock bursts, 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 possible legal liability. Although adequate precautions to minimize risk will be taken, milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas, which may result in environmental pollution and consequent liability.

The Company's mineral exploration activities are directed towards the search, evaluation and development of mineral deposits. There is no certainty that the expenditures to be made by the Company as described herein will result in discoveries of commercial quantities of ore. There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company will compete with other interests, many of which have greater financial resources than it will have for the opportunity to participate in promising projects. Significant capital investment is required to achieve commercial production from successful exploration efforts.

## **Government Regulation**

The exploration activities of the Company are subject to various federal, provincial and local laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substance and other matters. Exploration activities are also subject to various federal, provincial and local laws and regulations relating to the protection of the environment. These laws mandate, among other things, the maintenance of air and water quality standards, and land reclamation. These laws also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Although the Company's exploration activities are currently carried out in accordance with all applicable rules and regulations, 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 production or development. Amendments to current laws and regulations governing operations and activities of exploration, mining and milling or more stringent implementation thereof could have a substantial adverse impact on the Company.

## **Permits and Licenses**

The exploitation and development of mineral properties may require the Company to obtain regulatory or other permits and licenses from various governmental licensing bodies. There can be no assurance that the Company will be able to obtain all necessary permits and licenses that may be required to carry out exploration, development and mining operations on its properties.

## **Environmental Risks and Hazards**

All phases of the Company's mineral exploration operations are subject to environmental regulation in the various jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties on which the Company holds interests which are unknown to the Company at present, which have been caused, by previous or existing owners or operators of the properties. The Company may become liable for such environmental hazards caused by previous owners and operators of the properties even where it has attempted to contractually limit its liability.

Government approvals and permits are currently, and may in the future be, required in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Production of mineral properties may involve the use of dangerous and hazardous substances such as sodium cyanide. While all steps will be taken to prevent discharges of pollutants into the ground water, the Company may become subject to liability for hazards that cannot be insured against.

## **Commodity Prices**

The profitability of mining operations is significantly affected by changes in the market price of gold and other minerals. The level of interest rates, the rate of inflation, world supply of these minerals and stability of exchange rates can all cause significant fluctuations in base metal prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments. The price of gold and other minerals has fluctuated widely in recent years, and future serious price declines could cause continued commercial production to be impracticable. Depending on the price of gold and other minerals, cash flow from mining operations

may not be sufficient. Any figures for reserves presented by the Company will be estimates and no assurance can be given that the anticipated tonnages and grades will be achieved or that the indicated level of recovery will be realized. Market fluctuations and the price of gold and other minerals may render reserves uneconomical. Moreover, short-term operating factors relating to the reserves, such as the need for orderly development of the ore bodies or the processing of new or different grades of ore, may cause a mining operation to be unprofitable in any particular accounting period.

### **Uninsured Risks**

The Company carries insurance to protect against certain risks in such amounts as it considers adequate. Risks not insured against include environmental pollution or other hazards against which such corporations cannot insure or against which they may elect not to insure.

### **Conflicts of Interest**

Certain of the directors of the Company also serve as directors and/or officers of other companies involved in natural resource exploration and development. Consequently, there exists the possibility for such directors to be in a position of conflict. Any decision made by such directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.

### **Land Title**

Although the Company has obtained title opinions with respect to certain of its properties, there may still be undetected title defects affecting such properties. Accordingly, such properties may be subject to prior unregistered liens, agreements, transfers or claims, and title may be affected by, among other things, undetected defects which could have a material adverse impact on the Company's operations.

### **Aboriginal Land Claims**

No assurance can be given that aboriginal land claims will not be asserted in the future in which event the Company's operations and title to its properties may potentially be seriously adversely affected.

### **Forward Looking Information**

This Management Discussion and Analysis includes certain statements that may be deemed "forward-looking statements". All statements in this document, other than statements of historical facts, that address exploration drilling and other activities and events or developments that Finlay Minerals Ltd. ("Finlay") expects to occur, are forward-looking statements. Forward-looking statements in this document include statements regarding the placements and future exploration plans and expenditures. Although Finlay believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those forward-looking statements. Factors that could cause actual results to differ materially from those in forward looking statements include market prices, exploration successes, and continued availability of capital and financing and general economic, market or business conditions. These statements are based on a number of assumptions including, among other things, assumptions regarding general business and economic conditions, the timing and receipt of regulatory and governmental approvals for the transactions described herein, the ability of Finlay and other parties to satisfy stock exchange and other regulatory requirements in a timely manner, the availability of financing for Finlay's proposed transactions and programs on reasonable terms, and the ability of third party service providers to deliver services in a timely manner. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. Finlay does not assume any obligation to update or revise its forward-looking statements, whether as a result of new information, future or otherwise, except as required by applicable law.

### **Qualified Person**

Warner Gruenwald, P. Geo, Vice President, Exploration for Finlay Minerals Ltd., is the Qualified Person as defined by National Instrument 43-101 and has approved the technical and scientific information contained in this Management Discussion and Analysis.

Additional information relating to the Company is available on [www.sedar.com](http://www.sedar.com).

**On behalf of the Board of Directors**

"Robert F. Brown"

Robert F. Brown, P. Eng., President & C.E.O.  
Vancouver, November 29, 2018