Havilah Mining Corporation

Management Discussion and Analysis
For the three months ended March 31, 2019

This Interim Management Discussion and Analysis ("MD&A") is an overview of all material information about the operations, liquidity and capital resources of Havilah Mining Corporations (the "Company" or "Havilah") for the three months ended March 31, 2019. The MD&A was prepared as of May 17, 2019 and should be read in conjunction with the unaudited Condensed Interim Consolidated Financial Statements for the three months ended March 31, 2019 and 2018, the annual audited Consolidated Financial Statements for the years December 31, 2018 and 2017, which were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), as well as the annual MD&As for the years ended December 31, 2018 and 2017.

In this MD&A, references to grams per tonne and ounces per tonne will be shown as g/t and oz/t. Additional abbreviations that may be used include metres ("m") and tonnes per day ("tpd"). In addition, throughout this MD&A the reporting periods for the three months ended March 31, 2019 and 2018 are abbreviated as Q1 2019 and Q1 2018, respectively.

Havilah was incorporated on May 3, 2018 in connection with the arrangement agreement ("Arrangement Agreement") between Klondex Mines Ltd. ("Klondex"), Hecla Mining Company ("Hecla"), and 1156291 B.C. Unlimited Liability Company, a wholly owned subsidiary of Hecla to hold Klondex's former Canadian assets comprised of Klondex Canada Ltd. (subsequently renamed to Havilah Mining Canada Ltd., ("Havilah Canada")) and Bison Gold Resources Inc. ("Bison"). Under the terms of the Arrangement Agreement, which closed on July 20, 2018, Hecla acquired all the outstanding common shares of Klondex and holders of common shares of Klondex ("Klondex Shareholders") received consideration consisting of either cash, Hecla common stock, or a combination of cash and Hecla common stock, plus shares of Havilah.

As Klondex Shareholders received the Havilah Common Shares in their respective, pre-arrangement proportionate interests, no change of control resulted in either the Company, or the underlying assets or business acquired. As such, the Arrangement Agreement is considered a capital reorganization and is excluded from the scope of IFRS 3, Business Combinations. Accordingly, the results up to July 20, 2018 have been presented in this MD&A, and in the consolidated financial statements for the year ended December 31, 2018, on a continuity of interest basis of accounting with financial positions prior to the Arrangement Agreement based on amounts related to Havilah Canada and Bison previously recorded by Klondex. In addition, the information contained in the statements of comprehensive loss and statements of changes in equity have been derived from certain allocations from Klondex's financial statements, and management cautions readers of this MD&A that the allocation of expenses may not necessarily reflect, or be otherwise indicative of, the future financial performance of the Company.

The Company's common shares are listed on the TSX Venture Exchange ("TSX-V") under the symbol "HMC" and in the United States on the OTCBB under the stock symbol "HAVXF". Additional information related to the Company is available for view on SEDAR at www.sedar.com and on the Company's website www.havilahmining.com.

OVERVIEW

Havilah is a junior gold producer and explorer that owns the True North mine and mill complex, and is currently reprocessing historic tailings on a seasonal basis. In addition to operating True North in Bissett, Manitoba, Havilah holds approximately 53,000 hectares of highly prospective land within and adjacent to the Rice Lake greenstone belt. Havilah believes its land package is a prime exploration opportunity, with potential to develop a mining district centered on its True North facility. The Company also owns the Tully project near Timmins, Ontario, and intends to focus on both organic growth opportunities and accretive acquisition opportunities in North America.

HIGHLIGHTS

- On January 10, 2019 the Company closed a non-brokered private placement for 385,000 units in the Company, consisting of one common share of the Company and one-half of one Common share purchase warrant, for total proceeds of $109,725, funded by management. The Company closed an additional 66,667 units to a director of the Company on March 21, 2019, for total additional proceeds of $20,000.
- On January 15, 2019, the Havilah appointed Ron Clayton, a director of the Company, as President and Chief Executive Officer of the Company. Ron brings over 37 years of experience to the Company and was most recently the President and CEO of Tahoe Resources Inc. until June of 2018, where he led the construction and commissioning of the Escobal mine as the Company's first Chief Operating Officer.

- During Q1 2019 the Company staked an additional 65 new claims, totaling 11,732 hectares, bringing its total land position to more than 54,000 hectares along the principal crustal-scale fault in the Rice Lake belt. This represents the largest land package ever assembled in this area and represents a prime opportunity to conduct exploration at a district scale.
- On March 4, 2019, the Company announced the appointment of Shastri Ramnath to the Board of Directors. Ms. Ramnath is a Professional Geoscientist with over 20 years of global experience within the exploration and mining industry. She co-founded and is currently the President, CEO and Principal Geologist of Orix Geoscience Inc. and also the co-founder of Exiro Minerals, a junior exploration company focused on project generation that combines technology with traditional exploration methodologies.
- On March 5, 2019, the Company closed a non-brokered private placement by issuing 8,333,333 flow-through common shares for gross proceeds of $4,000,000. The gross proceeds from the sale of the flow through shares will be used to incur eligible Canadian Exploration Expenses on the Company's exploration properties in the Rice Lake greenstone belt located in Manitoba, Canada.

FINANCIAL AND OPERATING SUMMARY

For Q1 2018 the Company operated as a subsidiary of Klondex. With the completion of the Arrangement Agreement, the Company operated as a separate operating entity.

Three Months Ended March 31	2019	2018
Financial Results (in thousands)		
Revenue	$ 110	$ 8,688
Cost of sales:		
Production costs	2,380	12,156
Depreciation and depletion	866	1,559
Write-down of production inventories	16	622
Total Cost of Sales	3,262	14,337
General and Administrative Costs	367	1,746
Exploration expense	535	–
Other (income) expenses	(27)	2,445
Net Loss and Comprehensive loss	$ (4,027)	$ (9,840)
Operating Results		
Gold equivalent ounces recovered	–	2,091
Gold ounces sold	63	5,151
Per Ounce Data		
Average realized price	$ 1,750	$ 1,680
Cash cost of operations per ounce produced(1)	–	2,467
All in sustaining costs per ounce produced(1)	–	2,864
Per Share Data		
Basic and diluted loss per share	$ (0.13)	$ (0.43)
Weighted average common shares outstanding	31,498,589	22,755,979
Balance as of	**March 31 2019**	**December 31 2018**
Financial Position (in thousands)		
Cash and cash equivalents	$ 9,757	$ 5,971
Total assets	51,991	52,284
Total liabilities	4,981	3,956
Shareholder equity	47,010	48,328

(1) This is a non-IFRS measure; refer to the Non-IFRS Performance Measures section of this MD&A for additional detail. The cash cost excludes the cost of underground mine care and maintenance in 2019 but is included in 2018 due to partial operations. In Q1 2019 the gold ounces sold were from inventory on hand at the end of 2018 as the mill was not operating during the period, therefore any associated cost is not relevant for comparative purposes.

REPORT ON OPERATIONS

For Q1 2019 the True North operations continued to operate at maintenance levels as the seasonal shutdown continued. During this period the Company commenced with a number of capital upgrades to the mill, including the replacement of two existing gravity concentrators and the pumping system to the tailings pond. The Company also undertook extensive refurbishment and clean-up of the mill facilities in advance of the April 26, 2019 startup. The mill clean-up will result in the recovery of ounces that would have been lost during the production process during prior years, the full amount of which is not yet determined.

During Q1 2018, under the management of Klondex, the True North mining operations were reduced to care and maintenance levels. During this period the Company mined 19,301 tons containing 2,266 oz/t and the mill recovered 2,091 ounces from the mined tons processed. No tailings were processed during this period.

REVIEW OF FINANCIAL RESULTS

For Q1 2019, the Company generated a loss of $4.0 million compared to a loss of $9.8 million for Q1 2018. In 2019, the milling and tailings operations were not operating as part of the Company's seasonal shutdown. The Company continued to carry out required maintenance and clean-up activities in preparation for the production season, reducing personnel to minimum support levels. In 2018, the earnings were negatively impacted by the cessation of mining activities at the True North mine and related closure costs.

Revenue

For Q1 2019, the Company sold 63 gold ounces from inventory at a price of $1,750 compared with the sale of 5,151 gold ounces in Q1 2018 at an average realized price of $1,680 (this excludes the effect of any derivative instruments used during that period). During Q1 2018 True North processed all the remaining stockpiles from mining as well as the tons mined prior to the shutdown.

Cost of sales

Cost of sales, comprised of the full cost of site operations, including care and maintenance costs for the True North underground mine as well as depreciation and depletion, amounted to $3.2 million for 2019 compared with $14.3 million during 2018. The decrease was primarily due to the suspension of mining operations at the True North mine in January 2018 resulting in a significant decrease in mining related costs since that period. During Q1 2018, this decrease was offset by the $1.4 million in severance costs incurred in lieu of notice as the Company laid off all but essential personnel required for continued milling operations, care and maintenance of the underground facilities, and for the operation of equipment necessary for the tailings re-processing operations. Care and maintenance cost during Q1 2019 were $0.5 million whereas in Q1 2018 mining costs, including care and maintenance for the last month of the quarter, were $5.2 million, excluding severance costs.

The decrease in depreciation and depletion is primarily from reduced depletion costs which arise from underground mining and tailings operations as the Company was shut down in Q1 2019, whereas limited underground mining did occur in Q1 2018. The Company also had lower average capital asset balances in 2019 compared with 2018 as a result of impairment charges in 2018 and equipment disposals.

General and administrative costs

General and administrative costs were $0.4 million for Q1 2019 compared to $1.7 million for Q1 2018. The costs in 2018 were general and administrative costs allocated from the Klondex corporate office during the period whereas the costs in 2019 reflect costs for the standalone company. The Company has continued to focus on minimizing ongoing administrative costs subsequent to the spin out.

Other expense

Finance charges

Finance charges in prior years primarily relate to interest incurred on the advances from Klondex to Havilah during the period where Havilah was a subsidiary of Klondex. The advances from Klondex were settled in July of 2018 pursuant to the terms of the Arrangement Agreement. Total interest on these advances during Q1 2018 was $1.9 million whereas the Company has not incurred any comparable finance charges for three months ended March 31, 2019.

Foreign exchange gain or loss

Prior to the completion of the Arrangement Agreement, Havilah had a significant US dollar liability arising from advances from Klondex. These were subject to mark-to-market adjustments at each reporting period, resulting in a $0.5 million loss for the three months ended March 31, 2018, as the Canadian currency weakened from $1.25 to $1.29 Canadian for every US dollar during Q1 2018.

EXPLORATION ACTIVITY

For the three months ended March 31, 2019, the exploration department focused on preparing for the 2019 field season and exploration program. This work included a compilation of historical exploration data for the Rice Lake greenstone belt, with emphasis on four key areas targeted for Phase 1 of the 2019 program, namely the Bidou, Gold Horse, Horseshoe and Tinney projects. Historical data was collected by Havilah project geologists and compiled using a QGIS platform, such that the various geological datasets can be viewed, analyzed and interpreted effectively and efficiently. Plans were drawn up for each of the projects, incorporating geological mapping, surficial geochemistry, structural analysis, prospecting and interpretation of detailed aeromagnetic and LiDAR datasets in order to define targets for follow-up drilling.

Havilah increased its dominant land position along the principal crustal-scale fault in the Rice Lake belt by staking 65 new claims, totaling 11,732 hectares, bringing its total land position to more than 54,000 hectares. This represents the largest land package ever assembled in the Rice Lake belt and represents a prime opportunity to conduct exploration at a district scale, over a strike length of more than 70 km along the crustal-scale Wanipigow Fault.

High-resolution aeromagnetic data was acquired for the new claim blocks at the western and eastern extents of the belt, thus providing seamless coverage for essentially the entire Rice Lake belt to assist in geological mapping and target generation.

During the first quarter of 2019, exploration department also completed the hiring of contract geologists and summer field assistants and set about acquiring all of the necessary field equipment for the 2019 program, including an ATV and trailer, boat, outboard motor and trailer, and field and personal protective equipment. During this time, the exploration department also put in place a comprehensive field safety program

Engagement activities continued in the first quarter, including presentations to the local cottager associations to update stakeholders on Havilah’s exploration program and identify any areas of concern. Work permit applications for Phase 1 of the exploration program were submitted to Manitoba Sustainable Development in March. The full field program is scheduled to commence during the second week of May 2019.

MINING OPERATIONS

True North is a past-producing underground gold mining operation consisting of three underground deposits with a modern, fully permitted mill currently re-processing tailings material. The following is a summary of operational information for Q1 2019 and 2018. Note that silver is relatively immaterial to current operations so only gold ounces are shown.

Three months ended March 31	2019	2018
Ore tons mined	–	19,301
Gold ounces mined	–	2,374
Ore tons milled	–	19,390
Tailings processed (tons)	–	–
Average gold mill head grade (oz/ton)	–	0.12
Three months ended March 31	**2019**	**2018**
Average gold recovery rate	– %	92.3 %
Gold ounces produced	–	2,091
Gold ounces sold	63	5,151
Average realized gold price	$ 1,750	$ 1,680
Total cash cost per gold ounce sold(1)	N/A	2,467
All-in sustaining cost per gold ounce sold(1)	N/A	2,864

(2) This is a non-IFRS measure; refer to the Non-IFRS Performance Measures section of this MD&A for additional detail. The cash cost includes the cost of underground mine care and maintenance. In Q1 2019 the gold ounces sold were from inventory as the mill was not

operating during the period, therefore any associated cost is not relevant for comparative purposes.

During Q1 2019, the Company was operating at maintenance levels with minimal activity as the tailings operation was shut down for the winter season. During the same period in 2018 the True North underground mine operations were transitioned to care and maintenance as a result of ongoing losses incurred. During the transition period True North mined 19,301 ore tons and produced 2,091 gold ounces. The tailings operation did not commence until April 20, 2018 therefore there were no tailings processed during this period.

During 2018 the recovery of ounces from tailings material was impacted by an approximate fixed amount of gold returning to tailings (not recovered) of 0.008 oz/t, resulting in a lower recovery percentage when compared to historical activity at higher feed grades. The Company is continuing to analyze the processing method to reduce the fixed tail amount and is taking steps in the first half of 2019 to minimize this issue. For Q1 2019, the Company had capital additions of $0.1 million related to a booster pump for the tailings operations and the commencement of mill upgrades.

QUARTERLY RESULTS

The following selected financial information is a summary of the eight most recently completed quarters up to March 31, 2019.

Quarter Ended ***($ amounts in '000's)***	**Mar 31, 2019**	**Dec 31, 2018**	**Sept 30, 2018**	**June 30, 2018**	**Mar 31, 2018**	**Dec 31, 2017**	**Sept 30, 2017**	**June 30, 2017**
Gold sold (ounces)	63	3,580	240	1,843	5,151	8,983	5,591	6,832
Revenues	$ 110	$ 5,774	$ 394	$ 3,137	$ 8,688	$ 14,621	$ 9,027	$ 11,287
Comprehensive (Loss)	$ (4,027)	$ (5,475)	$ (13,656)	$ (4,137)	$ (9,840)	$ (33,134)	$ (4,948)	$ (4,257)

The True North operations were acquired by Klondex on January 22, 2016 and production recommenced during the third quarter of 2016. The underground operations continued until January 9, 2018, at which point True North was placed on care and maintenance as a result of the continued shortfall in meeting operating and production targets required to return to profitability. Since the acquisition, the operations continually recorded net losses, negative cash flows from operations, and relied on Klondex, the parent company until July 20, 2018, to fund business operations. During the fourth quarter of 2017, the Company, based on the impairment indicators present, recorded a $28.2 million impairment charge on the assets.

With the closing of the Arrangement Agreement, the Company operated on a standalone basis for the quarters ended September 30, 2018 and December 31, 2018. Havilah continued to re-process tailings from the existing tailings impoundment facility, milling a total of 151,630 tons with an average grade of 0.90 g/t (0.03 oz/t) at a 73% recovery rate, producing 3,166 ounces of gold for the period. The Company recorded a $9.7 million write down on underground mine development costs during this period, based on the assessment that previous mine plans were no longer economic. On December 13, 2018 the Company suspended the operations due to the onset of winter, completing the Company's planned 2018 operating season.

The seasonal shutdown extended through the first quarter of 2019 as the Company carried out required maintenance and a full clean-up of the mill facilities. The Company expects to recover gold from this clean-up process, however the full amount is not yet certain.

LIQUIDITY AND CAPITAL RESOURCES

($ amounts in '000's)	**March 31 2019**	**December 31 2018**
Cash	$ 6,757	$ 5,971
Total current assets	13,163	12,672
Total assets	51,991	52,284
Total current liabilities	2,471	1,494
Total liabilities	4,981	3,956
Total equity	47,010	48,328

Historically, the operations relied on Klondex for funding ongoing cash flow shortfalls. Prior to the completion of the Arrangement Agreement, the Company did not have access to third party financial resources and continued to incur negative operating cash flows and significant capital expenditures. The Company's current strategy is focused on maximizing cashflow from the tailings operations to support the ongoing care and maintenance costs of the underground mine. The cash cost per ounce sold currently includes the care and maintenance costs for the undergound mine, excluding these costs would result in the tailings operations generating positive cashflow for the Company. The Company will utilize proceeds from financing activities to fund exploration on several target areas within the Rice Lake district with the objective of identifying additional sources of ore feed for the True North milling facility. Material increases or decreases in the Company's liquidity and capital resources will be substantially determined by the success or failure of the Company's operations, exploration, and development programs, as well as the ability to obtain equity or other sources of financing, and the price of gold.

As at March 31, 2019, the Company had cash and cash equivalents of $9.8 million (December 31, 2018 – $6.0 million, not including short-term investments of $3.0 million), and working capital of $10.7 million (December 31, 2018 – $11.2 million). During the three months ended March 31, 2019, the Company lost $3.2 million from operating, care and maintenance and investing activities, net of working capital changes. On January 10, 2019 the Company closed a non-brokered private placement for total proceeds of $109,725, funded by management, and on March 21, 2019, the Company issued another 66,667 units to a director of the Company for additional proceeds of $20,000. On March 5, 2019, the Company closed a non-brokered private placement by issuing 8,333,333 flow-through common shares for gross proceeds of $4,000,000.

Management considers the Company's liquidity position at March 31, 2019, comprised of cash and cash equivalents, together with cash flows from operations, enough to support the Company's normal operating requirements, exploration plans, and capital commitments on an ongoing basis.

Outstanding Share Data

Authorized: an unlimited number of common shares without par value	Common shares issued and outstanding	Stock Options	Restricted Share Units	Warrants
Outstanding as at May 17, 2019	37,612,394	2,300,000	640,000	2,665,833

FINANCIAL INSTRUMENTS

The Company's activities potentially expose it to a variety of financial risks, including liquidity risk, interest rate risk, foreign exchange currency risk, and commodity price risk.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. As at March 31, 2019 the Company had working capital of $10.7 million. Management believes that the Company has sufficient financial resources to meet its obligations as they come due.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company has cash balances, interest-bearing bank accounts and no interest-bearing debt. The Company also invests excess cash in short term GIC's. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on their estimated fair value as at March 31, 2019.

Foreign Exchange Risk

The Company's functional currency is the Canadian dollar. Foreign currency risk is the risk that future cash flows will fluctuate because of changes in foreign exchange rates. The Company's historical foreign currency gains and losses relate to amounts on US dollar advances from Klondex as well as US dollar transactions with vendors. Subsequent to the Arrangement Agreement the Company has had minimal US dollar transactions.

Commodity Price Risk

The Company is exposed to the risk of fluctuations in prevailing market commodity prices on the gold it produces. Prior to completion of the Arrangement Agreement, the Company's parent, Klondex, would mitigate price risk by entering into derivative financial instruments, such as fixed forward sales and collars. As of March 31, 2019, the

Company itself had not entered into any agreements to mitigate its exposure to market price risk.

Contractual Obligations

The following table provides our gross contractual obligations as of March 31, 2019 (in thousands):

	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total
Reclamation obligation	—	—	—	$ 9,824	$ 9,824

The amounts shown above represent undiscounted amounts not reflective of inflation, see Note 12 *Reclamation obligation* for additional details.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements and no short or long-term debt obligations.

RELATED PARTY TRANSACTIONS

The key management personnel 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 key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

During the three months ended March 31, 2019, the Company incurred the following charges by directors and officers of the Company and by companies controlled by directors and officers of the Company. For the three months ended March 31, 2018, the Company operated as a subsidiary of Klondex therefore no compensation was paid to Directors or Officers. All fees have been reported as general and administrative expenses:

	Three months ended March 31	
($ amounts in '000's)	**2019**	**2018**
Salaries and wages	$ 147	$ –
Professional fees	5	–
Directors' fees	40	–
Management fees	13	–
Share-based payments	104	–
Total	**$ 309**	**$ –**

OUTLOOK

With an experienced board of directors and management team, a working capital balance of $10.7 million, and access to external markets, Havilah is well poised to advance exploration at the Rice Lake property. The objective of this exploration will be to develop additional sources of ore to feed the True North mill, while also remaining flexible and responsive to continuing volatility in the resource sector. The Company recently completed ground-staking of 11,150 hectares, thus increasing its total land position in the Rice Lake belt to more than 53,000 hectares. These strategic additions provide the Company with a dominant and continuous land position along and adjacent to the crustal-scale Wanipigow Fault, over a total strike length of 80 kilometres. Major gold occurrences in the Rice Lake belt, including the True North mine at Bissett, Manitoba, which has produced approximately 2 million ounces of gold, are associated with structures that splay off this regional 'break'. The newly acquired ground provides an unprecedented opportunity to explore this fault system at a district scale.

Early in 2019, the Company completed the 1,900 metre drill program at Ogama-Rockland, which was designed to test each of the modelled vein systems in the locations previously reported to contain significant mineralized intercepts. The Company also commenced work to compile, level and merge high-resolution aeromagnetic datasets acquired by previous operators. This data will facilitate geological mapping and compilation of the district at scales suitable for the definition of project-scale targets. The Company has also acquired new high-resolution aeromagnetic data over two key, historically underexplored areas totaling roughly 21,500 hectares at the lateral extents of the Rice Lake belt. This helicopter-borne survey consisted of 4,733 line-kilometres flown at a spacing of 50 metres, with a terrain clearance of 30 metres. The results will complete a seamless aeromagnetic dataset over the entire exposed length of the Wanipigow Fault in Manitoba, and thus facilitate geological mapping, structural analysis and target generation. Data acquisition is expected to be completed early in the second quarter 2019.

In preparation for the 2019 milling season, the Company, using the experience gained from the 2018 operating season, is focusing on a number of initiatives to optimize the tailings reprocessing operations to increase recovery, minimize ongoing costs, and generate positive cashflow from these operations in the spring to fall operating season.

The Company is also actively evaluating other exploration and development assets with a view to building a robust and diversified mineral resource company. While at any given time discussions and activities may be in progress on various initiatives, the Company currently does not have any binding agreements or binding commitments to enter into any such transactions. There is no assurance that these corporate activities will ever progress to the stage where a potential transaction might be successfully completed.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's condensed consolidated interim financial statements requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities; the disclosure of contingent assets and liabilities; as well as, the reported expenses during the reporting period. Such estimates and assumptions affect the determination of the carrying value and the recoverability of exploration and evaluation assets and the inputs used in calculating the fair value of share-based payment expense. Management re-evaluates its estimates and assumptions on an ongoing basis; however, due to the nature of estimates, actual amounts could differ from its estimates. The most critical accounting estimates upon which the Company depends are those requiring estimates of reserves and resources, future recoverability of assets, future costs for reclaiming areas of operations, and assumptions around future commodity prices.

RECENTLY ADOPTED ACCOUNTING POLICIES

Effective January 1, 2019, the Company adopted IFRS 16 *Leases* ("IFRS 16").

IFRS 16

The Company adopted all of the requirements of IFRS 16 *Leases* as of January 1, 2019. IFRS 16 replaces IAS 17 *Leases* ("IAS 17"). IFRS 16 provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The Company has adopted IFRS 16 using the modified retrospective application method, where the 2018 comparatives are not restated and a cumulative catch up adjustment is recorded on January 1, 2019 for any differences identified, including adjustments to opening retained earnings balance.

The Company analyzed its contracts to identify whether they contain a lease arrangement for the application of IFRS 16. No such contracts were identified, and as a result, the adoption of IFRS 16 resulted in no impact to the opening retained earnings on January 1, 2019.

DISCLOSURE CONTROLS AND PROCEDURES

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding the absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitation on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in National Instrument 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

RISKS AND UNCERTAINTIES

In conducting its business, Havilah faces a number of risks and uncertainties, many of which are beyond its ability to control or predict. Because of these risks and uncertainties, actual results may differ materially from those expressed or implied by forward-looking statements, and investors are cautioned not to place undue reliance on such statements, which speak only as of the date hereof. Investors are urged to review the discussion of risk factors associated with the Company's business as set out in the Company's annual Management Discussion and Analysis for the year ended December 31, 2018 as well as in the Company's audited consolidated financial statements (under the headings "Nature and Continuance of Operations" and "Significant

Accounting Policies" and elsewhere within that document) for the year ended December 31, 2018, as filed on the SEDAR website at www.sedar.com.

NON-IFRS FINANCIAL PERFORMANCE MEASURES

The Company has included additional financial performance measures in this MD&A, such as production cash costs and all-in sustaining costs. The Company reports production cash costs and all-in sustaining costs on a per gold ounce sold basis. In the gold mining industry, this is a common performance measure but does not have any standardized meaning. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Company's performance and ability to generate cash flow. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

"Total cash costs per ounce" is calculated from operation's cash costs and dividing the sum by the number of gold ounces sold. Operations cash costs include mining, milling, smelter and other direct costs.

"All-in sustaining cash costs per ounce" includes total cash costs per ounce (as defined above) and adds the sum of G&A, share-based compensation, sustaining capital expenditures and certain exploration and evaluation costs, all divided by the number of ounces sold. As this measure seeks to reflect the full cost of gold production from current operations, new project capital is not included in the calculation of all-in sustaining costs per ounce. Additionally, certain other cash expenditures, including income tax payments and financing costs, should they apply, are not included.

The following tables provide reconciliation of total production costs per ounce as disclosed in this MD&A to the consolidated financial statements for the three months ended March 31, 2019 and 2018:

Three Months Ended		March 31, 2019		March 31, 2018
(in thousands, except ounces and per ounce figures)				
Total cash costs per ounce				
Production costs(1)	$	2,380	$	12,156
Underground care and maintenance costs(2)		455		–
Write down of production inventory (cash portion)		12		554
Total cash costs		1,913		12,710
Gold ounces sold		63		5,151
Total cash cost per ounce(3)	**$**	**–**	**$**	**2,467**
All-in sustaining costs per ounce				
Total cash costs	$	1,913	$	12,710
General and administrative, net of depreciation		367		1,746
Sustaining capital expenditures(4)		–		296
All-in sustaining costs		2,280		14,752
All-in sustaining costs per ounce(3)	**$**	**–**	**$**	**2,864**

(1) Production costs includes the care and maintenance cost of the underground mines.

(2) Underground care and maintenance costs for 2018 could not be determined as the mine was in full or partial operations until March 2, 2018.

(3) The ounces sold in 2019 arise from inventory on hand at the end of 2018, held at a cash cost of $1,276 per ounce, and are unrelated to the costs incurred during the first three months of 2019.

(4) Sustaining capital expenditures are defined those expenditures which do not increase annual gold ounce production and excludes certain expenditures at the Company's operations which are deemed expansionary in nature. Capital expenditures include unpaid capital expenditures incurred in the period.

FORWARD LOOKING INFORMATION

This MD&A provides management's analysis of Havilah's historical financial and operating results and provides estimates of Havilah's future financial and operating performance based on information currently available. Actual results will vary from estimates and the variances may be significant. Readers should be aware that historical results are not necessarily indicative of future performance.

Certain information set forth in this MD&A, including management's assessment of the Company's future plans and operations, contains forward-looking information. By their nature, forward-looking information is subject to numerous risks and uncertainties, some of which are beyond the Company's control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be inaccurate and, as such, undue reliance should not be placed on forward-looking information. Havilah's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur or, if any of them do so, what benefits Havilah will derive there from. Havilah disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise except as required by applicable law.