



NIGHTHAWK

GOLD CORP

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

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The following management's discussion and analysis ("MD&A") is management's assessment of the results and financial condition of Nighthawk Gold Corp. ("Nighthawk" or the "Company") and should be read in conjunction with the unaudited condensed interim consolidated financial statements for the nine months ended September 30, 2018 ("Q3 2018"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts are in Canadian dollars, unless otherwise noted. The date of this MD&A is November 12, 2018. Nighthawk's common shares trade on the Toronto Stock Exchange ("TSX") under the symbol "NHK". Its most recent filings, including the Company's Annual Information Form ("AIF") for the fiscal year ended December 31, 2017, are available under the Company's profile on the System for Electronic Document Analysis and Retrieval ("SEDAR") www.sedar.com.

Under the guidelines of National Instrument 43-101 of the Canadian Securities Administrators ("NI 43-101"), Dr. Michael J. Byron, Ph.D., P.Geo., is the "Qualified Person" as defined by NI 43-101, and has reviewed and approved all technical disclosure contained in the MD&A. Dr. Byron is a Registered Professional Geologist of Ontario and the Northwest Territories and the President, Chief Executive Officer and a Director of Nighthawk.

Please refer to "NI 43-101 Technical Report on the Indin Lake Property – Colomac Project, Indin Lake Belt, Northwest Territories, Canada", dated July 26, 2018, as filed under the company's profile on www.sedar.com.



1. DESCRIPTION OF BUSINESS

Nighthawk is a Canadian-based gold exploration company focused on advancing the Colomac Gold Project as well as testing its other highly prospective regional targets within its 100% owned Indin Lake Gold Property located in the Northwest Territories (“**NWT**”), Canada. Nighthawk controls 90% of the Indin Lake gold camp, encompassing a total land package of 222,203 acres or 899 square kilometres (“**km**”) within the Indin Lake Greenstone Belt, located approximately 200 km north of Yellowknife, Northwest Territories.

Since its incorporation, mineral exploration activities have been Nighthawk’s sole business and the Company has not conducted any revenue generating operations to date. As at September 30, 2018, Nighthawk had working capital of \$15.5 million (including cash of \$16.4 million), exploration and evaluation assets of \$66.4 million, restricted cash of \$4.5 million, and long-term liabilities, which primarily consisted of a deferred income tax liability of \$8.2 million, and a provision for service obligation of \$3.0 million.

On July 11, 2018, the Company completed a non-brokered private placement of 5,000,000 flow-through common shares at a price of \$0.50 per share for aggregate gross proceeds of \$2.5 million. The flow-through expenditure commitment for this financing was expended by September 30, 2018 and as a result, the Company has no further flow-through expenditure commitments to meet.

2. EXPLORATION AND EVALUATION ACTIVITIES

INDIN LAKE GOLD PROPERTY

The Indin Lake Gold Property is located within a historic gold camp which has been largely ignored for almost twenty-five years, rendering it vastly underexplored with numerous untested prospective targets. Several gold deposits and showings lie within the property, the most significant being the Colomac Gold Project (“**Colomac**”) a former producing open pit gold mine, which was acquired by Nighthawk in January 2012 (see Section 2.1 – Acquisitions).

Nighthawk has significantly expanded the number of gold exploration targets within its Indin Lake Gold Property that lies along the West Bay – Indin Lake Fault Zone, a regional structure that extends over 200 km from the shores of Great Slave Lake to areas north of the Indin Lake Greenstone Belt. This fault zone contains the historical Giant and Con gold mines (historical production of approximately 13 million ounces of gold (“**oz Au**”) to the south and Colomac (historic production of 527,908 oz Au) within its northern extent. The Company believes this structure has played a major role in the development and localization of the gold mineralization; much the same role as that of other large regional fault zones, such as the Destor-Porcupine Fault’s influence on gold deposit formation within the Timmins gold camp. The Indin Lake Greenstone Belt remains one of the few underexplored historic Archean gold camps in Canada.

See Figure 1 below for a map of Nighthawk’s Indin Lake Gold Property.

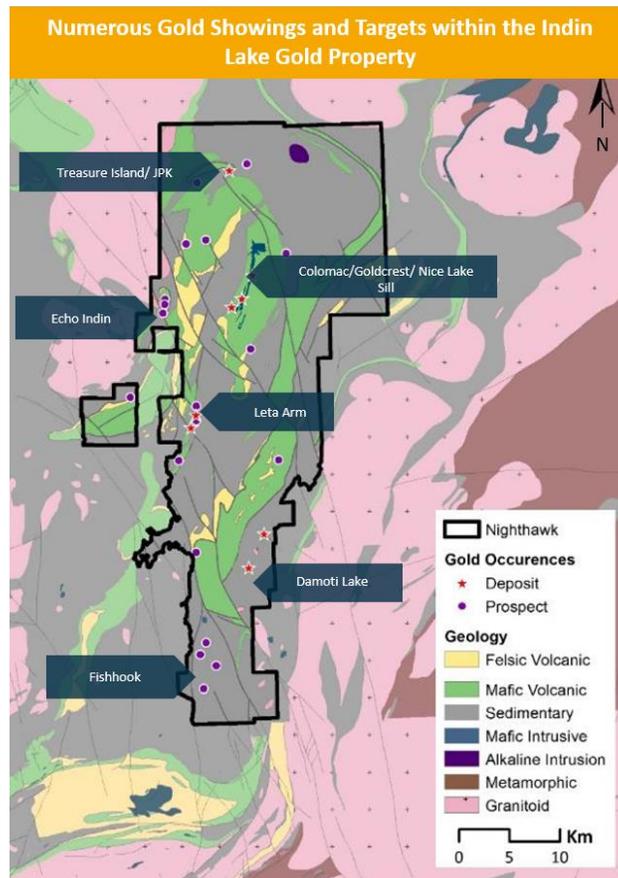
2.1 Acquisitions

In August 2008, Nighthawk acquired 6 mining leases and 6 mining claims within the Indin Lake Greenstone Belt known as the Damoti Lake Gold Property (“**Damoti**”), subject to an existing 2% net smelter royalty (“**NSR**”).

Under agreements dated in January 2011, and as amended in April 2013, the Company acquired a 100% interest in 15 mining leases and 3 mining claims located within the Indin Lake Greenstone Belt (the “**Indin Lake Claims/Leases**”), subject to existing NSR’s on certain claims ranging from 2% to 5%, for payments totalling \$0.73 million.

In January and April 2011, the Company staked 107 additional mining claims in the Indin Lake Greenstone Belt thereby linking Damoti with the Indin Lake Claims/Leases and consolidating much of the Indin Lake Gold camp to form the Indin Lake Gold Property.

Figure 1
Indin Lake Gold Property



Acquisition of Colomac

On January 26, 2012, the Company completed an agreement (the “**Colomac Agreement**”) to acquire 100% of the mineral claims and leases of the former producing Colomac Gold Mine and surrounding mineral leases from Aboriginal Affairs and Northern Development Canada (“**AANDC**”). Colomac lies within the central portion of Nighthawk’s 222,203 acre Indin Lake Gold Property.

As consideration for Colomac, Nighthawk committed to perform reclamation services on three other sites within the Indin Lake Gold Property land package which are the responsibility of AANDC, being the Diversified, Chalco Lake, and Spider Lake sites. The obligation for the reclamation services being carried out on behalf of AANDC totals a maximum of \$5.0 million. Upon closing, security in the form of letters of credit totalling \$5.0 million (\$3.0 million for the Diversified site, \$1.0 million for the Chalco Lake site and \$1.0 million for the Spider Lake site) were posted in favour of AANDC (collectively, the “**Colomac LOC’s**”) to secure the obligation to perform the services for each site. The Colomac LOC’s are secured by guaranteed investment certificates at a Canadian chartered bank for the same amounts (the “**Colomac GIC’s**”). The Company did not assume the reclamation liabilities of these three sites and is not responsible for any historical environmental liabilities associated with Colomac. Upon completion of the reclamation services to the satisfaction of an independent third-party engineer, the Colomac LOC’s with respect to each site will be released and the hold restriction on the related Colomac GIC will be eliminated. At any time, the Company may terminate the liability relating to this service obligation, but consequently would relinquish the related Colomac GIC still held as security against the Colomac LOC’s at that time. See Section 5 – Service Obligation Under Terms of Colomac Agreement for further details. In March 2013, the reclamation activities at the Chalco Lake site were completed as the approval of the third-party engineer was obtained. Thus, the Colomac LOC with respect to the Chalco Lake site was released and the hold restriction on \$1.0 million was eliminated.



2.2 Colomac Gold Project

History of Colomac

Gold was initially discovered at Colomac in 1945. In 1990, Neptune Resources Corp. (“**Neptune**”) put the property into production, but shut it down in 1991 due to unfavourable gold prices after producing 138,600 ounces of gold. Royal Oak acquired Colomac from Neptune in April 1993. Royal Oak recommenced stripping operations in March 1994, with first gold production in July 1994. Royal Oak closed the mine in December 1997 citing low gold prices, and subsequently filed for court protection from its creditors under the Companies' Creditors Arrangement Act in April 1999. AANDC became the owner of Colomac by way of Court Order dated December 13, 1999, following the receivership of Royal Oak and its related companies and proceeded to complete the required remediation for the site. All mining and milling facilities were removed from the site subsequent to AANDC taking control of the property. During its peak, Royal Oak employed over 250 workers on the Colomac site. Reported production statistics are presented in Table 1.

Table 1
Colomac Production History

Year	Ounces Produced	Tonnes Milled	Head Grade (g/t Au)	Recovery	Cash Cost/oz (US\$)	Average Gold Price (US\$)
1990	64,500	1,040,000	1.89	90%	300	384
1991	74,100	1,131,000	2.19	94%	NA	362
1994	40,568	985,091	1.58	87%	NA	384
1995	117,646	2,725,388	1.61	92%	383	384
1996	122,416	3,013,156	1.58	87%	370	388
1997	108,678	2,906,081	1.51	85%	354	331
Total	527,908	11,800,716	1.66	89%		

Colomac’s five known gold deposits lie within a north striking, steeply dipping, Archean greenstone belt of deformed sedimentary and intermediate to ultramafic volcanic rocks. Deposits appear in two distinct geological settings. The Colomac Main Sill (“**Colomac Main**”) and Goldcrest Sill (“**Goldcrest**”), are hosted within a differentiated mafic intrusion, whereas the Grizzly Bear and 24/27 deposits occur near or within the sedimentary/volcanic rock contact.

All historic gold production was extracted from Colomac Main, which occurs in a north-south striking differentiated mafic sill approximately 9 km long and 160 m wide bounded by mafic volcanic rocks. Mineralization is predominantly free gold spatially associated with quartz-carbonate veining and minor sulphides. During deformation, the sill behaved as a competent unit enclosed within more ductile rocks, thus representing the classic competency contrast condition present in many Archean lode gold camps. This has led to the preferential emplacement of gold-bearing veins within the intrusion.

National Instrument 43-101 Resource Estimate – Colomac Gold Project

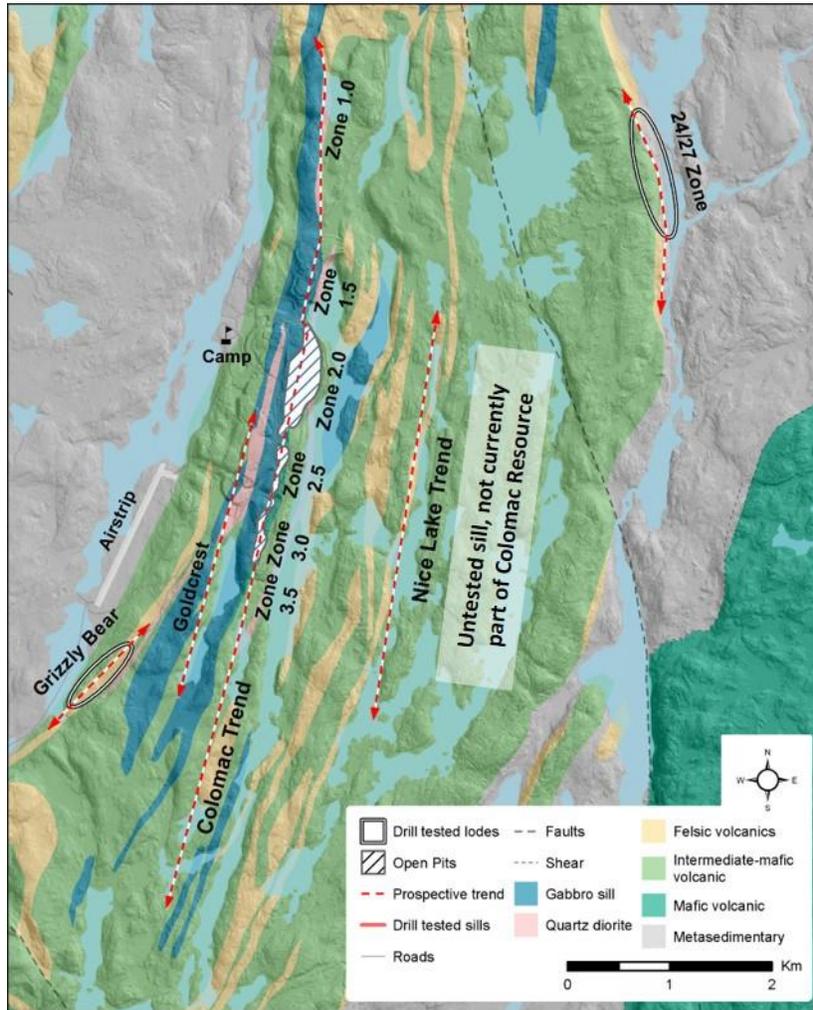
On June 13, 2018, the Company announced an updated inferred resource estimate (prepared by CSA Global Canada Geosciences Ltd., “**CSA Global**”, formerly ACA Howe International Limited) which outlines 50.305 million tonnes (“**Mt**”) at an average grade of 1.62 grams per tonne gold (“**g/t Au**”) for 2.61 million ounces (“**Moz**”) using a cut-off grade of 0.7 g/t Au for Colomac Main and Goldcrest, and 0.6 g/t for Grizzly and 24/27 zones (the “**2018 Resource Estimate**”). The 2018 Resource Estimate resulted in a 24.4% increase in total contained ounces compared to the previously announced NI 43-101 inferred mineral resource estimate of 39.8 Mt at an average grade of 1.64 g/t Au for 2.1 Moz Au, using a cut-off grade of 0.6 g/t Au (dated June 2013, the “**2013 Resource Estimate**”).

Colomac’s five known gold deposits are represented in this mineral resource estimate: Colomac Main (north, central and south), Goldcrest (north and main), Grizzly Bear, 24 and 27, of which the Colomac Main currently accounts for 90.7% of the resource. Colomac’s mineralized zones, which are characterized by significant mineralized widths represent potential near-surface bulk tonnage deposits. The 2018 Resource Estimate utilizes historic diamond drilling results from approximately 916 holes, the balance of which were completed between 1987 and 1997, and drilling results from the Company’s 2012 and 2014-2017 drill programs (approximately 177 holes). All resources have been assigned to the

inferred category due to the historic nature of the data, drill hole spacing and the need for additional verification work, which has yet to be completed.

All deposits are open laterally and to depth (see Figure 2 – Deposits at Colomac Gold Project). Historically mined volumes of the Colomac Main mineralization have been deleted from the current resource model.

Figure 2
Deposits at Colomac Gold Project



Colomac Summary

Colomac is accessed by winter road from Yellowknife for approximately three months each year, or year-round by aircraft to a 5,000 foot airstrip at site. Colomac contains at least five separate gold deposits open in all directions (Colomac Main, Goldcrest, Grizzly Bear, 24 and 27, all part of the 2018 Resource Estimate). Only one of these known deposits, Colomac Main, was historically mined. Intermittent mining from 1990 to 1997 was limited to one of three shallow open pits developed on a steeply dipping quartz diorite intrusion. Mining activities exploited only a small portion of the sill's 9 km mineralized strike length. All mining and processing equipment and infrastructure have been removed from site.

Due to market conditions at the time and constrained access to capital, the Company conducted approximately 20,000 metres of total drilling on Colomac from 2012 to 2016. Despite the limited amount of drilling, the Company achieved a 97% hit rate as well as confirming high-grade possibilities within the sill with the discovery of high-grade Zone 1.5 within Colomac Main. The potential for additional high-grade zones exists along the Colomac Main's 9 km strike length, thus providing an opportunity to deliver an increase in contained ounces and average grade. Similarly, the untested



exploration targets at Goldcrest (~4 km strike), and the newly discovered Nice Lake sills (2-4 km strike) are also considered excellent candidates for resource expansion.

Colomac Mineralized Zones and Exploration Potential

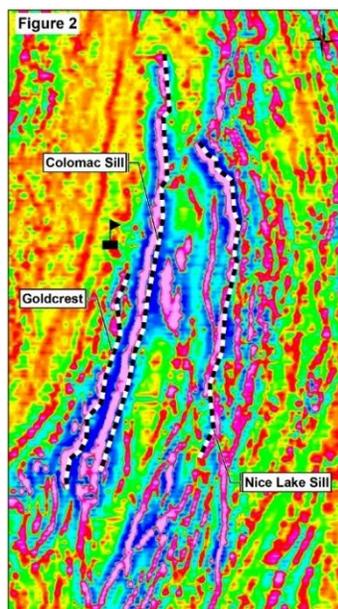
Colomac Main consists of 6 main mineralized zones (Zones 1.0, 1.5, 2.0, 2.5, 3.0 and 3.5) along a 7 km strike length. Very limited historical drilling has been conducted on an additional unexplored 2 km portion of the sill to the south. The discovery of a high-grade domain at Zone 1.5 in 2014 changed the focus of the exploration program, with drilling aimed at further delineating the high-grade domain, as well as targeting the potential for other high-grade domains along the sill. To date, the potential for these high-grade domains have been identified at Zone 1.5, Zone 2.0, Zone 3.5 and more recently at Zone 1.0.

Drilling to date has constrained the near-surface dimensions of high-grade Zone 1.5 as upwards of 300 m along strike, 30 to 60 m in true width in the near-surface and extending from surface down to more than 660 m vertical depth, where it remains open. Zone 2.0, within the northern part of Colomac Main, hosts a well-defined mineralized domain with true widths ranging from 40 m near-surface to 80 m at depth. Steeply plunging to the northeast, this style of mineralization constitutes a key opportunity as drilling confirmed its continuation and increasing widths with depth. Zone 3.5, located 2.5 km to the south of Zone 2.0, is similar to Zone 1.5 but has received significantly less drilling, and has near-surface true widths of 20 m ranging to 40 m at depth. The continuity and widths of mineralization characterizing these two zones establishes them as important prospects for resource expansion.

The discovery and presence of these higher-grade domains demonstrates the potential for discovery of other high-grade domains throughout the Colomac and Goldcrest sills given their size and continuity.

Goldcrest lies parallel to and 400 m west of the compositionally similar Colomac Main. Two zones, Goldcrest North and Main, lie along the sill's 2.5 km length and are included in the 2018 Resource Estimate. The Goldcrest resource represents a primary underexplored target that is open laterally and to depth. The airborne and ground magnetic maps indicate the potential for both the Colomac and Goldcrest sills to extend an additional 2 km to the south (see Figure 3).

Figure 3
Location and trend of the Nice Lake Sill relative to the Colomac and Goldcrest Sills
over the 2nd Vertical Derivative of the 2012 airborne magnetic data



Legend ⚓ Colomac Camp - - Qtz-Diorite Sills

Indin Lake Property, NWT
 Nice Lake Sill Discovery,
 2016 Regional
 Exploration Program





Field exploration and regional prospecting activities in 2016 led to the discovery of the Nice Lake sill (see press release dated February 7, 2017), a new mineralized quartz diorite intrusion similar to the Colomac and Goldcrest sills. The Nice Lake sill was subsequently traced over 4 km in outcrop along a trend sub-parallel to the Colomac sill. True widths of the sill remain unknown. Approximately 40% of the grab samples collected along the Nice Lake trend contained gold, including a sample that returned up to 2.61 g/t Au. Additional field work is being carried out to better define this new discovery as it remains open along strike and has yet to be thoroughly mapped. The 2017 field program looked at investigating other similar magnetic patterns east and south of Colomac that have yet to be prospected (see Figure 3).

Preliminary Metallurgical Results

On April 19, 2017, February 21 and May 22, 2018, the Company announced encouraging preliminary results from its ongoing metallurgical test work program on Colomac mineralization. Testing was completed at Bureau Veritas in Richmond, BC, and audited by Starkey & Associates Inc. in Oakville, Ontario. Testwork indicated that when using a combination of gravity recovery and cyanide leaching, gold recoveries of up to 96.5% in the lower-grade material and up to 98.0% were achieved in the higher-grade rock representing a significant increase in recovery over the historic production results of 88.1% (1994 to 1997). Additional test work is underway to further broaden investigations to include more of Colomac's other discrete mineralized zones. Results from metallurgical testing to-date (both the low-grade and the high-grade material), although preliminary in nature, show the rock at Colomac to be exceptional in terms of grind characteristics, gold recoveries, and responsiveness to all standard gold recovery technologies, including heap leaching, flotation, and gravity separation. The rock is also exceptionally clean as no deleterious materials have been detected to-date that could otherwise adversely affect processing or impact the environment. Particularly encouraging were the preliminary heap leach bottle roll test recoveries on the lower-grade rock, which showed recoveries of 81.8%, perhaps an option for lower-grade material which would otherwise be considered waste.

The master composite sample, having a head grade of 1.80 g/t Au, generated favourable recoveries for all process options, including heap leaching, flotation, and gravity separation. The higher-grade material had a 4.99 g/t Au head grade and responded similarly.

Favourable recoveries were achieved for all process options. Gold recoveries by flotation ranged from 94.1% - 95.5% with maximum recoveries achieved at a feed size P_{80} of 151 microns, and between 90.7 – 94.6% on the higher-grade, with maximum recoveries achieved at P_{80} 75 microns. Cyanidation of ground rock increased gold recoveries significantly up to 96.5% on the lower-grade and 98.0% on the higher-grade material.

Cyanide heap leaching testing with a feed size of minus 12,700 micron material reported up to 81.8% recoveries in a bottle roll test on the lower-grade material and 57.5% recoveries on the higher-grade mineralization. One column leach test has been completed to date on higher-grade mineralization posting a recovery of 34.3%. Such noted recovery variability is not uncommon as significant fluctuations have also been documented in recent metallurgical studies on other notable northern deposits and is considered largely a function of the particle size that interacts with the leachate. Despite the variability, Colomac results convey a positive indication of the deposit's heap leach potential, falling within the expected performance range for crushed ore. Additional metallurgical work is required to arrive at a statistically relevant population of results for all deposit types, mineralized zones and corresponding grade variations. As in the previous sampling programs, testwork will be carried out on Colomac drill core from recent drilling.



A summary of that metallurgical test work is shown in Table 2 below:

Table 2
Master Composite Test Results

Test	Description	Particle Size P ₈₀ (microns)	Au Recovery (%)	
			Master Composite	High Grade
Flotation	Fine	75	94.9	94.6
	Medium	105	94.1	93.5
	Coarse	151	95.5	90.7
Gravity (Centrifuge)	Fine	75	33.3	54.3
	Medium	105	45.0	40.5
	Coarse	150	25.9	42.8
⁽¹⁾ Crushed Leach	Bottle Roll Leach	12,700	81.8	57.5
	Column Leach	12,700	N/A	34.3
Ground Leach	Whole Ore	150	96.5	96.4
	Gravity + Leach	106	96.4	98.0

(1) Standard tests to determine preliminary heap leach amenability

Although the findings of this test work program indicate the Colomac deposit is amenable to all standard recovery technologies, the flowsheet developed on the master composite is viewed as preliminary in nature. Additional test work is expected to focus on some of the other gold zones within the mineralized sills, and to continue scrutinizing the heap leach potential of Colomac. The main purpose is to confirm that metallurgical responses observed so far apply over a broader range of head grades and zone locations.

2.3 Exploration Programs

2017 Exploration Program

The Company's 2017 exploration program (March to September), included 26,168 metres of drilling, the most ambitious campaign to date, and was focused mainly at Colomac (Zone 1.0, 1.5 and 2.0 within the Colomac Main Sill, the Goldcrest Sill and the Grizzly Bear deposit), as well as drill testing one of the Company's regional targets. The program was aimed to better define and expand the dimensions of Colomac higher-grade mineralization intersected to-date, to test for the possible convergence of high-grade Zones 1.5 and 2.0, to explore for other potential new zones of near-surface higher grade material, to expand the current resource, and to continue exploring throughout the extensive regional land package. The Company started the year with 2 drills, adding a third drill in late June. For further explanation of the 2017 exploration program, please refer to the MD&A for the fiscal year ended December 31, 2017 filed on www.sedar.com or on the Company's website at www.nighthawkgold.com.

2017 Regional Exploration

On April 12, 2018, the Company announced several new gold discoveries made during the 2017 summer field season which began in early June. Fieldwork focused on several priority target areas leading to the discovery of a high-grade gold showing at Treasure Island, a new mineralized gold zone within the Nice Lake Sill area, a newly defined and extensive gold system associated with the Swamp prospect, and enhanced definition and expansion of the high-grade gold trend at Leta Arm.

Highlights include:

- New high-grade gold discovery at Treasure Island (Seadog showing) - up to 27.80 g/t Au in grab samples and 19.85 g/t Au over 1.0 metre in channel samples;



- New gold zone defined within the Nice Lake Sill - 20-metre-wide quartz diorite sill exposed for over 160 metres – grab sample assays up to 4.19 g/t Au;
- New 1.6 km by 1.0 km gold anomaly defined at the Swamp Prospect with grades up to 4.33 g/t Au in grab samples, associated with a large deformation and alteration zone; and
- High-grade gold trend at Leta Arm continues to be better defined with assays up to 95.40 g/t Au.

The results help direct Nighthawk's 2018 field program where the main objectives are: to better define and expand the new mineralization discovered to-date; explore for other near-surface higher-grade opportunities; become more aggressive with regional exploration and drilling activities; and continue to advance the Company's many priority deposits and showings that are key to the evolution of this early gold camp including potential mining scenarios at Colomac.

2018 Exploration Program

Nighthawk announced the 2018 exploration program which included three rigs drilling and a minimum 25,000 metres. The focus of the 2018 program was to further delineate Colomac, to drill test a number of its regional targets, as well as extensive regional mapping, prospecting and geophysics work to bring new targets forward to drill ready status. With the \$2.5 million non-brokered private placement financing of flow-through shares (as further described in Section 1 – Description of Business) the Company expanded the planned drilling for 2018 exploration and completed 32,504 metres.

Two drills focused at Colomac and continued to expand Colomac Zones 1.0, 1.5, 2.5, 3.5, and the Grizzly Bear deposit along strike and to depth, and explored for other potential zones of higher-grade mineralization within the sills. To date, results have been released for Colomac Main's Zone 1.5 (see press release dated September 18, 2018), Zone 3.5 (see press release dated September 11, 2018), and Grizzly Bear (see press release dated August 8, 2018). One drill was active throughout the regional Indin Lake Gold Property for the entire 2018 season.

Approximately 50% of the 2018 program was focused on follow-up drilling at its more prospective regional targets within the Indin Lake Gold Property. Drilling at the Leta Arm Gold Project (which includes the North Inca and Diversified Mines, the #3 and Lexindin showings) tested North Inca and Diversified following up on the Company's 2011 drill results as well as exploring the down plunge and strike extensions of the recently modelled vein systems (see press releases dated June 26 and July 5, 2018). Drilling at the Treasure Island target followed up on several shallow high-grade gold intersections previously reported from the 2011 Treasure Island program. The Treasure Island drill program resulted in several new near surface discoveries, including a number of high-grade gold zones, and the successful expansion of known gold zones. All sixteen holes intersected mineralization (see press release dated October 22, 2018).

The Company also completed drilling at its high-grade Damoti gold deposit, with results pending. A 2005 resource estimate¹ pursuant to National Instrument 43-101, reports a measured and indicated resource, at a cut-off grade of 8.00 g/t Au, of 40,600 tonnes grading 26.17 g/t Au, and an inferred mineral resources of 17,800 tonnes grading 16.38 g/t Au (see press release dated, November 17, 2005, for Anaconda Gold Corp.). The Company believes there is opportunity to grow this resource beyond its current high-grade core. Damoti is central to the logic for consolidating the Indin Lake Gold Camp, as it represents a very high-grade satellite deposit that could augment any future Colomac gold production. It also shows the prospective grade and contained gold ounces that regional assets may contain, and their potential to strengthen Nighthawk's 100% controlled district play centred on Colomac, a multi-million-ounce deposit with significant growth possibilities.

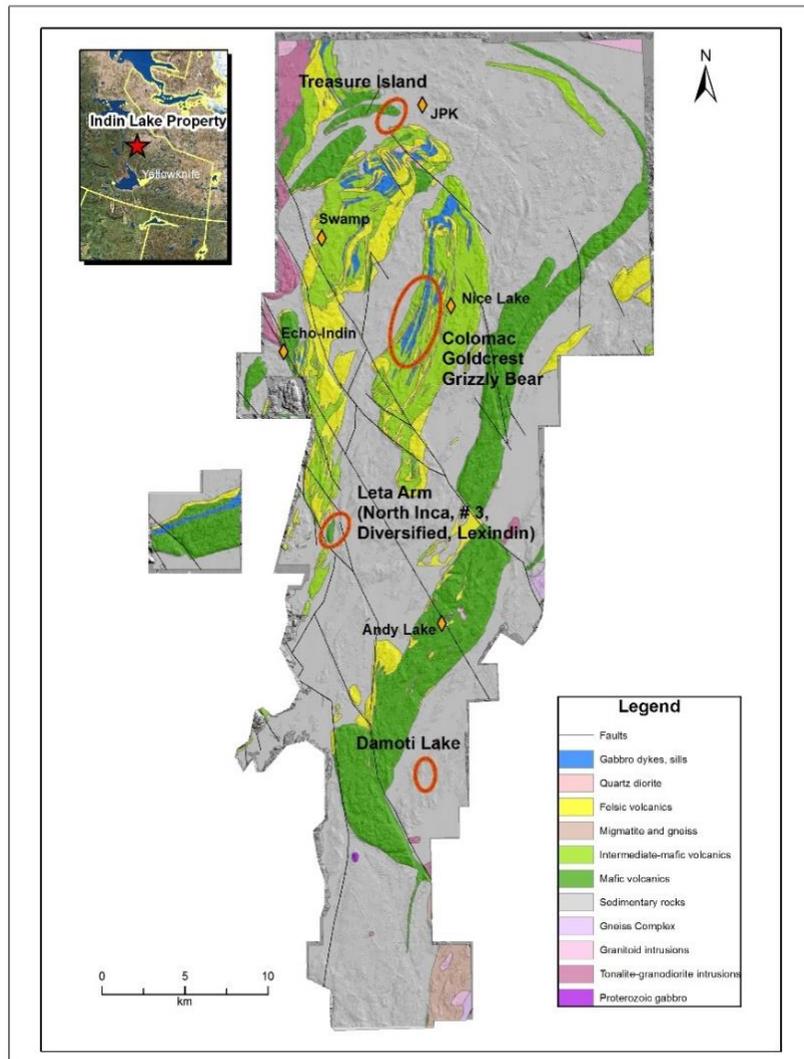
¹ Note: The reader is cautioned that a qualified person has not done sufficient work to classify the historical estimates presented in this news release as current resources. The Company has not verified these historical resources and is not treating these historical estimates as current mineral resources. While these estimates were prepared in accordance with National Instrument 43-101, there is no assurance that they are in accordance with current standards and these resource estimates should not be regarded as consistent with current standards or unduly relied upon as such. Nighthawk includes these historical estimates for information purposes as they represent material historical data which have previously been publicly disclosed. (In 2005, a report titled "Technical Report and Resource Estimate on the Damoti Lake Property, Northwest Territories, Canada" was prepared for Anaconda Gold Corp. by P & E Mining Consultants Inc. and authors Eugene Puritch P.Eng, and Wayne D. Ewert P. Geo (see Anaconda's profile at www.sedar.com for a copy of this historic report)). To Nighthawk's knowledge, the 2005 Technical Report is the most recent resource estimate available regarding the Damoti Lake deposit.

With the positive results from the 2017 and 2018 regional mapping and prospecting program, the Swamp Lake showing (“Swamp”), was subsequently upgraded and the Company completed its first drill holes at Swamp this year, with results pending.

2018 also saw the continuation of focused mapping and prospecting programs directed at advancing Nighthawk’s many regional showings and deposits in preparation for drilling, and to generate new opportunities through escalated exploration activities.

Within its 899 square kilometre land package Nighthawk has many other highly prospective and untested prospects in the pipeline that have been steadily advanced towards a drill ready state. The Company continues to aggressively build on its regional gold camp strategy of discovering and evolving near surface gold deposits to augment its ever-growing flagship asset, Colomac. Nighthawk is the first company to have consolidated the Indin Lake Greenstone Belt. Accordingly, the region has never seen this comprehensive scale of activity, which puts this Archean gold camp at an early stage of exploration and development where new discoveries, and in particular near-surface discoveries, are to be expected.

Figure 4
2018 Indin Lake Drill Targets





3. EXPLORATION AND EVALUATION EXPENDITURES

Property	Balance December 31, 2017	Incurred During Nine Months Ended September 30, 2018		Balance September 30, 2018
		Acquisition costs	Exploration costs	
Indin Lake Gold Property	\$ 53,333,900	\$ 119,744	\$ 12,987,921	\$ 66,441,565

The following table identifies the breakdown of the Indin Lake Gold Property's exploration and evaluation expenditures for the nine months ended September 30, 2018 and 2017:

Indin Lake Gold Property Capitalized Exploration and Evaluation Expenditures

Nine months ended September 30,	2018	2017
<i>Option Payments & Acquisition Costs</i>		
Balance, beginning of period	\$ 10,287,885	\$ 10,192,284
Acquisition costs	119,744	81,533
Balance, end of period	\$ 10,407,629	\$ 10,273,817
<i>Exploration Costs</i>		
Balance, beginning of period	\$ 43,046,015	\$ 31,483,994
Drilling	4,959,195	3,841,027
Transportation	3,174,728	2,342,289
Camp	1,843,660	1,495,793
Assaying & analytical	1,004,971	548,387
Geological & consultant fees	851,374	651,336
Prospecting	401,450	458,400
Geophysics	283,976	444,061
Metallurgy	62,047	177,535
Administrative office costs & other	49,645	59,762
Licenses & permits	44,771	51,617
Environmental	30,940	40,870
Stock-based compensation (non-cash)	281,164	814,455
	12,987,921	10,925,532
Balance, end of period	\$ 56,033,936	\$ 42,409,526
<i>Cumulative Expenditures to Period End</i>	\$ 66,441,565	\$ 52,683,343

During the nine months ended September 30, 2018, capitalized costs of \$13.0 million were incurred and related to the 2018 exploration program on the Company's Indin Lake Gold Property, which began in late February 2018 and ended mid September 2018 (nine months ended September 30, 2017, capitalized exploration costs of \$11.0 million were incurred). Costs related to the ongoing geological evaluation of the property and included the organization of the camp and the necessary logistical costs therein, drilling, transportation, geological and consulting fees, assaying and analytical costs, geophysics, metallurgical analysis as well as prospecting. Costs directly related to drilling activities of the 2018 program amounted to \$10.9 million for an all-in drill cost per metre of \$336. For further details of the program, see Section 2.3 – Exploration Programs.



4. OUTLOOK

As of September 30, 2018, Nighthawk's working capital position was \$15.5 million with no flow-through expenditure obligations remaining. Nighthawk completed a 2018 exploration program for a cash cost of \$12.7 million and included 32,504 metres of drilling as well as an extensive regional mapping and prospecting program. Drilling focused on the further delineation of Colomac, drill testing a number of its regional targets, and conducting regional mapping, prospecting and geophysics work as well as additional metallurgical testing for a total exploration budget of \$13.0 million.

Upcoming catalysts in 2018 include additional drilling results from Colomac (Zones 2.5 and 3.0), Damoti Lake, and first drill results from Swamp, as well as additional metallurgical test-work from various zones within the Colomac Main sill where heap leach testing continues to be advanced.

An investment in Nighthawk's securities is speculative, see Section 13.6 – Risk Factors.

5. SERVICE OBLIGATION UNDER TERMS OF COLOMAC AGREEMENT

As consideration for the Colomac Gold Project (see Section 2.1 – Acquisitions), Nighthawk committed to perform reclamation services on three other sites within the Indin Lake Gold Property land package which are the responsibility of AANDC, being the Diversified, Chalco Lake, and Spider Lake sites. The obligation for the reclamation services being carried out on behalf of AANDC totals a maximum of \$5.0 million. The Company entered into the Colomac LOC's totalling \$5.0 million in favour of AANDC to secure the obligation to perform the reclamation services for each site. The Colomac LOC's are thereby secured by the Colomac GIC's at a Canadian chartered bank for the same amounts.

The Company has not assumed the reclamation liabilities of these three sites directly and is not responsible for any historical environmental liabilities associated with the Colomac Gold Project. Upon completion of the reclamation services to the satisfaction of an independent third party engineer, the Colomac LOC's with respect to each site will be released and the hold restriction on the related Colomac GIC will be eliminated (\$3.0 million for the Diversified site, \$1.0 million for the Chalco Lake site and \$1.0 million for the Spider Lake site). The service obligation with respect to the Chalco Lake site was completed during Fiscal 2013 and no further work is required thereon. At any time, the Company may terminate the liability relating to this service obligation, but as a consequence would relinquish the related Colomac GIC still held as security against the Colomac LOC's at that time.

Diversified

No costs were incurred on the Diversified service obligation during the nine months ended September 30, 2018. Cumulative expenditures to September 30, 2018 are \$1.3 million. During the year ended July 31, 2012, significant work was performed (\$1.2 million) to remove a majority of the existing structures, hazardous and non-hazardous waste from the site. A spur ice road to the Diversified site was previously commissioned during the winter months to efficiently transport the material offsite to the appropriate disposal facilities. No further demolition work is required at Diversified as all structures have been removed. Remaining work includes the removal of debris, management of contaminated soil and planning closure of the mine shaft. Further significant remediation work on this site may be carried out once a final reclamation plan has been prepared and all necessary approvals obtained from AANDC. Fulfillment of this obligation would require the use of hard dollar funds (non-flow-through) and may be carried out when the Company has a sufficient budget to do so. Once the work is completed however, the Colomac LOC (for Diversified) would be terminated and the restriction on the related Colomac GIC of \$3.0 million would be released.

Spider Lake

No costs were incurred on the Spider Lake service obligation during the nine months ended September 30, 2018. Cumulative expenditures to September 30, 2018 are \$0.2 million. During the summer of 2012, Nighthawk carried out a delineation program at Spider Lake and obtained a better estimate of the hydrocarbon and metals contamination at site. A waste rock characterization program was performed as well. Results of these programs allowed Nighthawk to plan the reclamation work at this site. All necessary approvals of the Spider Lake reclamation plan have been obtained. The reclamation work planned for the summer of 2014 was not able to be carried out as the Company did not have a sufficient budget of hard dollar funds (non-flow-through) to complete the work. Once the work is completed however, the Colomac LOC (for Spider Lake) would be terminated and the restriction on the related Colomac GIC of \$1.0 million would be released.



6. RESULTS OF OPERATIONS

Operations	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Salaries, director and consulting fees	\$ 158,652	\$ 157,838	\$ 525,240	\$ 391,155
Shareholder communication and marketing	61,529	73,399	245,935	223,864
Regulatory	17,404	36,084	163,913	210,656
Office and administration	60,203	45,672	174,018	178,729
Travel	1,831	91,244	85,087	181,648
Professional fees	12,840	37,203	80,186	162,180
Stock-based compensation	875,408	-	875,408	1,912,148
Unrealized loss on investments	50,000	-	100,000	-
Interest income	(155,162)	(32,012)	(467,141)	(103,645)
Flow-through share premium	(967,091)	(1,076,683)	(2,803,649)	(2,276,066)
Deferred tax provision	1,995,432	643,274	3,671,613	2,406,110
Loss (income) for the period	\$ 2,111,046	(\$ 203,981)	\$ 2,650,610	\$ 3,106,779
Loss per share – Basic and fully diluted	\$ 0.01 ⁽¹⁾	\$ Nil	\$ 0.01 ⁽¹⁾	\$ 0.02 ⁽¹⁾

(1) Fully diluted weighted average common shares outstanding, used in the calculation of fully diluted net loss per share, are not reflective of the outstanding stock options and warrants at that time as their exercise would be anti-dilutive in the net loss per share calculation.

6.1 Nine Months Ended September 30, 2018

Nighthawk's results of operations for the nine months ended September 30, 2018 resulted in a loss of \$2.7 million, compared to a loss of \$3.1 million for the nine months ended September 30, 2017.

The variance between the two periods is due primarily to the following:

- Stock-based compensation relates to the timing and amount of vested options during the period in accordance with their grant terms;
- Flow-through share premium income of \$2.8 million was recorded for the current period (\$2.3 million for the prior nine month period) as the Company incurred exploration expenditures and reduced its flow-through commitment;
- Interest income is derived from the cash balance on hand as well as the Colomac GIC's being held has restricted cash to secure the Colomac LOC's. Term GIC's matured during the nine months ended September 30, 2018 resulting in significant interest being earned in the period. The cash is held at Canadian chartered banks;
- Salaries, director and consulting fees increased for the current period as board compensation was established based on an independent compensation review. As well, additional consulting fees were incurred in support of operations during the period;
- Shareholder communication and marketing expense increased as the Company continues to improve shareholder and investor awareness in an effort to continue to diversify and strengthen the shareholder base and increase liquidity;
- Regulatory costs decreased from the prior period as the Company graduated to the TSX in May 2017 and incurred the associated fees with respect to graduation;
- Professional fees decreased during the current period as compared to the same period in the prior year as the Company incurred costs in the prior year related to changing its fiscal year end and therefore incurred additional audit and legal fees as a result;
- Unrealized loss on investments related to the fair value decrease of the Company's common shares of CR Capital Corp. which were acquired in the prior year from the sale of the Superior Project; and
- The deferred income tax provision resulted mainly from differences between the accounting and tax values of assets recognized on its statement of financial position. Specifically, the deferred tax provision of \$3.7 million in the current period primarily arose because the exploration and evaluation assets incurred and capitalized for accounting purposes did not increase the tax basis, as the expenditures related to flow-through expenses which were previously renounced.



6.2 Three Months Ended September 30, 2018

Results of operations for the three months ended September 30, 2018 resulted in a loss of \$2.1 million, compared to income of \$0.2 million for the same period in the prior year. The variance between the two periods is due primarily to the following:

- Stock-based compensation relates to the timing and amount of vested options during the period in accordance with their grant terms;
- Flow-through share premium income of \$1.0 million was recorded for the current period (\$1.1 million for the prior three month period) as the Company incurred exploration expenditures and reduced its flow-through commitment;
- The deferred income tax provision resulted mainly from differences between the accounting and tax values of assets recognized on its statement of financial position. Specifically, the deferred tax provision of \$2.0 million in the current three month period primarily arose because the exploration and evaluation assets incurred and capitalized for accounting purposes did not increase the tax basis, as the expenditures related to flow-through expenses which were previously renounced; and
- Unrealized loss on investments related to the fair value decrease of the Company's common shares of CR Capital Corp. which were acquired in the prior year from the sale of the Superior Project.

7. QUARTERLY FINANCIAL INFORMATION

In November 2016, the Company changed its fiscal year end from July 31 to December 31. The financial data pertaining to the two months ended December 31, 2016 below is the transitional period resulting from the change in fiscal year end. The following selected financial data for the past eight quarters⁽¹⁾ has been prepared in accordance with IFRS and should be read in conjunction with Nighthawk's audited annual consolidated financial statements:

Operations	Quarter Ended Dec. 31, 2017	Quarter Ended Mar. 31, 2018	Quarter Ended Jun. 30, 2018	Quarter Ended Sep. 30, 2018
Operating expenses	\$ 411,504	\$ 508,951	\$ 452,969	\$ 312,459
Stock-based compensation	-	-	-	875,408
Interest income	(23,032)	(274,718)	(37,261)	(155,162)
Flow-through share premium	(154,811)	(358,414)	(1,478,144)	(967,091)
Gain on sale of mineral property	-	-	-	-
Unrealized loss (gain) on marketable securities	10,000	(120,000)	170,000	50,000
Deferred tax provision (recovery)	(231,792)	-	1,676,181	1,995,432
Net loss (income)	\$ 11,689	(\$ 244,181)	\$ 783,745	\$ 2,111,046
Net loss (income) per share	\$Nil⁽²⁾	\$Nil⁽²⁾	\$Nil⁽²⁾	\$0.01⁽²⁾
Cash and cash equivalents	\$ 26,095,840	\$ 25,216,097	\$ 19,097,225	\$ 16,354,093
Other current assets	849,541	1,129,502	1,401,459	1,128,019
Restricted cash	4,479,000	4,479,000	4,479,000	4,479,000
Exploration and evaluation assets	53,333,900	54,912,628	60,916,374	66,441,565
Total Assets	\$ 84,758,281	\$ 85,737,227	\$ 85,894,058	\$ 88,402,677
Flow-through share premium liability	\$ 2,453,649	\$ 2,095,235	\$ 617,091	\$ -
Provision for service obligation	3,012,314	3,012,314	3,012,314	3,012,314
Reclamation provision	401,150	401,150	401,150	401,150
Deferred tax liability	\$ 4,507,210	\$ 4,507,210	\$ 6,183,391	\$ 8,216,797



Operations	2 Months Ended Dec. 31, 2016 ⁽¹⁾	Quarter Ended Mar. 31, 2017	Quarter Ended Jun. 30, 2017	Quarter Ended Sep. 30, 2017
Operating expenses	\$ 315,431	\$ 411,377	\$ 495,415	\$ 441,440
Stock-based compensation	9,676	1,909,649	2,499	-
Interest income	(18,220)	(22,821)	(48,812)	(32,012)
Flow-through share premium	(824,945)	(297,893)	(901,490)	(1,076,683)
Gain on sale of mineral property	-	-	-	(180,000)
Deferred tax provision	684,919	428,577	1,334,259	643,274
Net loss	\$ 166,861	\$ 2,428,889	\$ 881,871	(\$ 203,981)
Net loss per share	\$Nil⁽²⁾	\$0.01⁽²⁾	\$Nil⁽²⁾	\$Nil⁽²⁾
Cash and cash equivalents	\$ 14,324,806	\$ 37,091,015	\$ 34,254,829	\$ 27,644,823
Other current assets	783,551	848,117	1,127,090	1,357,097
Restricted cash	4,479,000	4,479,000	4,479,000	4,479,000
Exploration and evaluation assets	41,676,278	43,806,658	47,708,031	52,683,343
Total Assets	\$ 61,263,635	\$ 86,224,790	\$ 87,568,950	\$ 86,164,263
Flow-through share premium liability	\$ 2,040,440	\$ 4,586,633	\$ 3,685,143	\$ 2,608,460
Provision for service obligation	3,012,314	3,012,314	3,012,314	3,012,314
Reclamation provision	401,150	401,150	401,150	401,150
Deferred tax liability	\$ 2,840,773	\$ 2,840,773	\$ 4,175,032	\$ 4,739,002

(1) The Company changed its fiscal year end from July 31 to December 31 and so the transitional fiscal year ended December 31, 2016 is for a five month period. Therefore the quarterly financial information reflects a 2-month stub period.

(2) Fully diluted weighted average common shares outstanding, used in the calculation of fully diluted net loss per share, are not reflective of the outstanding stock options and warrants at that time as their exercise would be anti-dilutive in the net loss per share calculation.

The Company has not paid any dividends.

Operating expenses include salaries, director and consulting fees, shareholder communication and marketing, travel, office and administrative costs, regulatory and professional fees. Variances in operating expenses over the previous quarters related to office and administrative costs, professional and consulting fees, which varied based upon the scope of each exploration season and as well as timing of financing activities. Moving forward over the next year, it is expected that monthly operating expenses will be approximately \$136,000, before considering certain one-time costs, as exploration activities will focus on the Indin Lake Gold Property.

Stock-based compensation expense is a result of the timing of vested stock options fair valued using the Black-Scholes option pricing model. The deferred income tax provision (recovery) recorded through the periods is mainly a result of differences between the accounting and tax values of assets recognized on the consolidated statement of financial position.

The major variances in cash and cash equivalents and total assets are mainly attributable to equity and debt placements and the funding of exploration activities as well as professional fees, consulting fees, travel and office and administrative expenses. The Company is in the exploration stage and therefore does not generate any operating revenue. The other variances also relate to the restricted cash posted as security under the Colomac Agreement (see Section 2.1 – Acquisitions for further details).

The variance in exploration and evaluation assets is primarily a result of the option payment and acquisition costs incurred under mineral property option agreements as well as capitalized exploration costs and write-downs. Exploration and evaluation assets are analyzed each period end to determine whether any write-downs are necessary. As a result, exploration and evaluation asset write-downs occur on an irregular basis.

The major variances in non-current liabilities are mainly attributable to the debt financing of Secured Notes as well as the provision for service obligation, which was incurred as a result of the acquisition of Colomac (see Section 5 – Service Obligation Under Terms of Colomac Agreement for further details).



8. LIQUIDITY AND CAPITAL RESOURCES

The Company is wholly dependent on equity or debt financing to complete the exploration and development of its mineral properties. There can be no assurance that financing, whether debt or equity, will be available to Nighthawk in the amount required at any particular time or for any particular period, or, if available, that such financing can be obtained on terms satisfactory to Nighthawk (see Section 13.6 – Risk Factors). Nighthawk has not generated any revenue from operations and does not expect to generate any such revenue in its next fiscal year.

The working capital balance at September 30, 2018 was \$15.5 million (including cash of \$16.4 million). At September 30, 2018, long-term assets primarily included exploration and evaluation assets of \$66.4 million and restricted cash of \$4.5 million; long-term liabilities primarily consisted of a deferred income tax liability of \$8.2 million, and a provision for service obligation of \$3.0 million (see Section 2.1 – Acquisitions and Section 5 – Service Obligation Under Terms of Colomac Agreement). The Company has no further flow-through expenditure commitments as of September 30, 2018 as field activities for the year ended mid September 2018. The Company has incurred all material exploration expenditures for the 2018 exploration program during the nine months ended September 30, 2018.

Funds from further debt and equity financings may be used to fund future drill programs; reclamation consulting work to be carried out to satisfy the service obligation under the terms of the Colomac Agreement; and general working capital purposes. Potential proceeds may be received from warrant and stock option exercises as well as the potential recovery of restricted cash being held as letters of credit (securing the service obligation under the Colomac Agreement).

The Company had no off balance sheet arrangements as at September 30, 2018.

9. SIGNIFICANT ACCOUNTING POLICIES

These condensed interim consolidated financial statements are presented in Canadian dollars and have been prepared in accordance with IFRS and International Financial Reporting Interpretations Committee (“IFRIC”) interpretations as issued by the International Accounting Standards Board (“IASB”) and have been consistently applied to all the periods presented. Nighthawk is in the exploration stage and is subject to risks and challenges similar to companies in a comparable stage. As a result of these circumstances, there is significant doubt as to the appropriateness of the going concern presumption. There is no assurance that Nighthawk’s funding initiatives will continue to be successful and these financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

The Company’s significant accounting policies are summarized in note 3 to the audited annual consolidated financial statements for the fiscal year ended December 31, 2017. The policies described below, and estimates related to them, have the most significant effect in preparation and presentation of Nighthawk’s consolidated financial statements.

9.1 Exploration and Evaluation Assets

Exploration and evaluation costs, which are intangible costs, including the costs of acquiring claims, are capitalized as exploration and evaluation assets on an area of interest basis pending determination of the technical feasibility and the commercial viability of the project. Capitalized costs include costs directly related to exploration and evaluation activities in the area of interest. General and administrative costs are only allocated to the asset to the extent that those costs can be directly related to operational activities in the relevant area of interest. When a claim is relinquished or a project is abandoned, the related costs are recognized in profit or loss immediately.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from intangible assets to mining property and development assets within property, plant and equipment.



Ownership in mineral properties involves certain risks due to the difficulties in determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristics of many mining interests. The Company has investigated the ownership of its mineral properties and, to the best of its knowledge, ownership of its interests are in good standing.

9.2 Share-Based Payment Transactions

The grant date fair value of share-based payment awards granted to employees is recognized as an employee expense or capitalized to exploration and evaluation assets for grants to individuals working directly on mineral properties with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no adjustment for differences between expected and actual outcomes. Fair values of share-based payments (including stock options) are determined based on estimated fair values at the time of grant using the Black-Scholes option pricing model.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period that the employees unconditionally become entitled to payment. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognized as personnel expense in profit or loss.

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company.

9.3 Flow-through Shares

The Company finances a portion of its exploration activities through the issue of flow-through shares, which transfer the tax deductibility of exploration expenditures to the investor. To the extent that the Company issues common shares to subscribers on a flow-through basis at a premium to the market value of non-flow-through common shares, any such premium is recorded as a liability on Nighthawk's consolidated statement of financial position at the time of subscription. This liability is reduced, on a pro-rata basis, as the Company fulfills its expenditure renunciation obligation associated with such flow-through share issuances, with an offsetting amount recognized as income.

A deferred income tax liability equal to the tax value of flow-through expenditures renounced is recognized once the Company has fulfilled its obligations associated with the renunciation of the related flow-through expenditures. In respect of a retrospective renunciation, such obligation is considered to have been fulfilled once related renunciation filings have been made with the appropriate taxation authorities. In respect of prospective renunciation (i.e. a look-back renunciation), the obligation is considered to be fulfilled once related flow-through expenditures have been incurred.

10. CRITICAL ACCOUNTING ESTIMATES AND SIGNIFICANT JUDGEMENTS

The preparation of the condensed interim consolidated financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from these estimates. The condensed interim consolidated financial statements include estimates, which by their nature are uncertain. The impacts of such estimates are pervasive throughout the condensed interim consolidated 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.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:



- The Company assesses the carrying value of exploration and evaluation assets at each reporting period to determine whether any indication of impairment exists. When an impairment exists, the calculation of recoverable amount requires the use of estimates and assumptions such as long-term commodity prices, discount rates, recoverable metals, and operating performance;
- The calculation of the fair value of warrants, broker warrants and stock options issued requires the use of estimates in the Black-Scholes option pricing valuation model;
- The calculation of the reclamation liability and provision for service obligation, being the present value of the estimated costs to restore the properties, are discounted at rates which reflect the current market assessments and the risks specific to the liability. The calculation requires management to estimate the total restoration costs, timing of remediation and an appropriate discount rate; and
- Valuation of deferred income taxes.

11. ACCOUNTING ISSUES

11.1 MANAGEMENT OF CAPITAL RISK

The objective when managing capital is to safeguard Nighthawk's ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders, benefits to other stakeholders and to have sufficient funds on hand to meet its exploration and development plans to ensure the ongoing growth of the business.

The Company considers its shareholders' equity, cash and equivalents as capital, manages the capital structure, and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust capital structure, the Company may issue new shares through private placements, repurchase shares, sell assets, incur debt, or return capital to shareholders. The working capital balance at September 30, 2018 was \$15.5 million (including cash of \$16.4 million). The timing and extent of the future drill programs may depend on its ability to further access the capital markets in order to raise the necessary funds required to carry out such a program. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration and development activities. Due to the cyclical nature of the industry, there is no guarantee that when the Company needs to raise capital, there will be access to funds at that time and there is no assurance that funding initiatives will continue to be successful to fund its future exploration activities.

11.2 MANAGEMENT OF FINANCIAL RISK

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include fair value of financial instruments and commodity price risk. Where material, these risks are reviewed and monitored by the Board of Directors and they are more fully described in note 13 to the unaudited condensed interim consolidated financial statements for the nine months ended September 30, 2018.

11.3 CHANGES IN ACCOUNTING POLICIES

The Company has adopted the following standard during the nine months ended September 30, 2018:

IFRS 9 - Financial Instruments - The IASB issued IFRS 9 in October 2010 and will replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The effective date for the application of IFRS 9 is January 1, 2018. Nighthawk's adoption of IFRS 9 did not have a material financial impact upon the condensed interim consolidated financial statements.

11.4 RECENT ACCOUNTING PRONOUNCEMENTS

Certain pronouncements were issued by the IASB or the International Financial Reporting Interpretations Committee that



are mandatory for accounting periods after September 30, 2018 or later periods. Many are not applicable or do not have a significant impact to Nighthawk and have been excluded from the discussion below. The following has not yet been adopted and is being evaluated to determine the impact on Nighthawk.

In January 2016, the International Accounting Standards Board (IASB) issued a new International Financial Reporting Standard (IFRS) on lease accounting which was incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in June 2016. IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC-15 Operating Leases - Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 introduces a single lessee accounting model that requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Lease assets and liabilities are initially recognized on a present value basis and subsequently, similarly to other non-financial assets and financial liabilities, respectively. The lessor accounting requirements are substantially unchanged and, accordingly, continue to require classification and measurement as either operating or finance leases. The new standard also introduces detailed disclosure requirements for both the lessee and lessor. The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that also apply IFRS 15 Revenue from Contracts with Customers. Nighthawk's adoption of IFRS 16 will not have a material financial impact upon the audited consolidated financial statements.

12. OUTSTANDING SHARE DATA

	Number of Shares
Common shares outstanding – December 31, 2017	188,541,010
Flow-through private placement (see Section 1 – Description of Business)	5,000,000
Issuance of common shares on exercise of stock options	64,986
Common shares outstanding – September 30 and November 12, 2018	193,605,996
Unexercised stock options (avg exercise \$0.46)	15,721,294
Fully diluted common shares outstanding – November 12, 2018	209,327,290

12.1 COMMON SHARES

The Company has authorized share capital consisting of an unlimited number of common shares.

12.2 WARRANTS

During the nine months ended September 30, 2018, 15,911,042 March 2017 Warrants and 754,631 March 2017 Broker Warrants expired unexercised.

12.3 STOCK OPTIONS

Nighthawk has a stock option plan (the “Plan”) under which stock options may be granted to Directors, Officers, employees, consultants and consultant companies. The Plan: (i) provides that the number of common shares reserved for issuance, within a one year period, to any one optionee, shall not exceed 5% of the outstanding common shares; (ii) provides the maximum number of common shares reserved for issuance pursuant to options granted to insiders may not exceed 10%; (iii) and contains other provisions to ensure the Plan is compliant with stock exchange regulations. The options granted vest immediately or as otherwise determined by the Board of Directors.

12.4 SHARE UNIT PLAN

The Share Unit Plan provides for the issuance of share units to employees, directors, officers, consultants, and management company employees of Nighthawk. Share units are units created by means of an entry on the books of Nighthawk representing the right to receive one common share (subject to adjustments) issued from treasury per share unit. The number of share units granted and any applicable vesting conditions are determined in the discretion of the Board of Directors (or a committee thereof) on the date of grant. In granting share units, the Board of Directors (or a committee thereof) may include other terms, conditions, and/or vesting criteria which are not inconsistent with the Share Unit Plan. Share units are settled by way of issuance of common shares from treasury as soon as practicable following the maturity date in accordance with the Share Unit Plan. As of September 30, 2018, there are no share units issued.



During the nine months ended September 30, 2018, 64,986 were exercised. The following stock options remained outstanding at September 30, 2018:

Grant date	Options outstanding	Options exercisable	Exercise price	Weighted average remaining life (Years)
November 29, 2013	364,000	364,000	\$0.50	0.2
March 12, 2014	276,193	276,193	\$0.46	0.4
June 10, 2014	568,634	568,634	\$0.61	0.7
August 12, 2014	162,467	162,467	\$0.61	0.9
December 17, 2014	1,850,000	1,850,000	\$0.34	1.2
December 1, 2015	1,665,000	1,665,000	\$0.15	2.2
June 8, 2016	2,430,000	2,430,000	\$0.25	2.7
July 4, 2016	450,000	450,000	\$0.37	2.8
March 20, 2017	4,150,000	4,150,000	\$0.80	3.5
September 19, 2018	3,805,000	3,805,000	\$0.40	5.0
	15,721,294	15,721,294	\$0.46	3.0

13. OTHER INFORMATION

13.1 CONTRACTUAL COMMITMENTS

Nighthawk does not have any commitments for material exploration expenditures, although it may acquire other properties and enter into other joint venture agreements in accordance with its business plan.

Nighthawk committed to perform reclamation services on three other sites within the Indin Lake Gold Property land package which are the responsibility of AANDC, being the Diversified, Chalco Lake, and Spider Lake sites. In consideration for the conveyance of the Colomac claims and leases, the Company committed to perform reclamation services on three other sites within the Indin Lake Gold Property land package which are the responsibility of AANDC, as further described in Section 2.1 – Acquisitions. At September 30, 2018, the remaining service obligation was \$3.0 million. At any time, the Company may terminate its service obligation but as a consequence would relinquish any amount of the Colomac GIC still being held as security against the Colomac LOC's at that time.

Upon acquisition of the Damoti, the Damoti Reclamation Obligation existed. At the time of acquisition, the estimated cost of the Damoti Reclamation Obligation could not be reliably measured. Nighthawk has since carried out environmental assessments using a third party specialist and estimated the cost of the Damoti Reclamation Obligation to be \$0.4 million. The Company posted two irrevocable standby letters of credit with a Canadian chartered bank in the amount of \$0.5 million to provide security under its land use permit and water access licence for the Damoti Reclamation Obligation as well as with respect to its exploration activities relating to the Indin Lake Gold Property.

As of September 30, 2018, the Company had no flow-through expenditure obligations remaining, including no remaining expenditure obligations from the July 11, 2018 flow-through financing as further described in Section 1 – Description of Business.

13.2 DISCLOSURE CONTROLS AND PROCEDURES

The Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the design and operation of disclosure controls and procedures as of September 30, 2018. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that disclosure controls and procedures are effective to ensure that information required to be disclosed in reports filed or submitted under Canadian securities legislation are reported within the time periods specified in those rules.

13.3 INTERNAL CONTROL OVER FINANCIAL REPORTING

The Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision of the Chief Financial Officer, internal control over financial



reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. There has been no change in internal control procedures during the nine months ended September 30, 2018 that would materially affect, or reasonably likely to materially affect, the internal control over financial reporting.

13.4 LIMITATIONS OF CONTROLS AND PROCEDURES

The Chief Executive Officer and Chief Financial Officer believe that any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

13.5 RELATED PARTY TRANSACTIONS

Transactions for the nine months ended September 30, 2018 are disclosed and explained in note 11 to the audited consolidated financial statements for the nine months ended September 30, 2018, which accompanies this MD&A.

During the nine months ended September 30, 2018, Nighthawk paid geological consulting fees of \$180,000 (nine months ended September 30, 2017 - \$165,000) to Byron Geological Inc., a company controlled by Dr. Michael Byron, the President, Chief Executive Officer, Chief Geologist and a Director of Nighthawk. At September 30, 2018, the balance owed was \$nil (December 31, 2017 - \$nil).

During the nine months ended September 30, 2018, Nighthawk paid financial consulting fees of \$90,000 (nine months ended September 30, 2017 - \$75,000) to 2245448 Ontario Inc., a company controlled by Michael Leskovec, the Chief Financial Officer of Nighthawk. At September 30, 2018, the balance owed was \$nil (December 31, 2017 - \$nil).

During the nine months ended September 30, 2018, the Company paid rent and office costs of \$44,787 (nine months ended September 30, 2017 - \$43,398) to 1249687 Ontario Ltd., a company controlled by Brent Peters, a director of the Company. At September 30, 2018, the balance owed was \$nil (December 31, 2017 - \$nil).

13.6 RISK FACTORS

Nighthawk is in the exploration stage and is subject to the risks and challenges similar to other companies in a comparable stage. Other than the risks relating to reliance on financing previously discussed, as well as those discussed elsewhere in this MD&A, the Company is subject to a number of risks and uncertainties which are not discussed in this MD&A. To properly understand such risks, readers are directed to the Company's AIF for the year ended December 31, 2017 under the heading "Risk Factors", which is incorporated by reference into this MD&A. The AIF is available on SEDAR (www.sedar.com).

13.7 CORPORATE GOVERNANCE

The Board of Directors follow corporate governance policies to ensure transparency and accountability to shareholders. The Audit Committee fulfills its role of ensuring the integrity of the reported information through its review of the interim and audited annual consolidated financial statements prior to their submission to the Board of Directors for approval.

13.8 ADDITIONAL INFORMATION

Additional information regarding the Company, including the AIF for the fiscal year ended December 31, 2017, can be found at www.nighthawkgold.com and www.sedar.com.



13.9 FORWARD-LOOKING INFORMATION

This report may contain "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information including predictions, projections and forecasts, includes, but is not limited to, information with respect to the Company's current financial condition and its ability to raise additional capital as required; and the planned drilling program including size of program and extent of budget and other exploration plans, and the timing and results thereof..

This report may contain forward-looking statements. Forward-looking statements include, but are not limited to, statements with respect to information with respect to Nighthawk's financings, the return and timing of return of the Security funds, exploration results, the future price of gold, the estimation of mineral resources, the realization of mineral resource estimates, anticipated budgets and exploration expenditures, capital expenditures the success of exploration activities generally, permitting time lines, currency fluctuations, requirements for additional capital, government regulation of exploration and mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and the timing and possible outcome of any pending litigation. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or describes a "goal", or variation of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

Forward-looking statements involve known and unknown risks, future events, conditions, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, prediction, projection, forecast, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, the actual results of current exploration activities; actual results and interpretation of current reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of gold; possible variations in ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of exploration, development or construction activities, as well as those factors disclosed in the Nighthawk's publicly filed documents. Although Nighthawk has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.