

OK2 MINERALS LTD.
(An Exploration Stage Company)
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)
FOR THE SIX MONTHS ENDED MAY 31, 2018

Dated: July 30, 2018

This management discussion and analysis of the financial position and results of operations (“MD&A”) is prepared as of July 30, 2018 and should be read in conjunction with the unaudited condensed interim financial statements for the period ended May 31, 2018 of OK2 Minerals Ltd. (“OK2” or the “Company”) with the related notes thereto. The unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). All dollar amounts included therein and in the MD&A are expressed in Canadian dollars except where noted. Readers may also want to refer to the November 30, 2017 audited financial statements and accompanying notes.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain statements in this report may constitute forward-looking statements that are subject to risks and uncertainties. A number of important factors could cause actual outcomes and results to differ materially from those expressed in these forward-looking statements. Consequently, readers should not place any undue reliance on such forward-looking statements. In addition, these forward-looking statements relate to the date on which they were made.

In particular, forward looking comments regarding the Company’s plans and operations included in the “Exploration and Evaluation Activities” with respect to management’s planned exploration and other activities, and in “Liquidity” and “Commitment” regarding management’s estimated ability to fund its projected costs of exploration work and general corporate costs of operations, and its ability to raise additional funding through placement of the Company’s common shares are plans are estimates of management only, and actual results and outcomes could be materially different.

Additional information related to the Company is available for view on SEDAR at www.sedar.com.

COMPANY OVERVIEW

The Company is incorporated under the laws of the province of British Columbia, Canada on July 19, 2007 and its common shares are listed on the TSX Venture Exchange (the “Exchange”). On September 13, 2016, the Company changed its name from Gold Jubilee Capital Corp. to OK2 Minerals Ltd and commenced trading on the Exchange under “OK” trading symbol on September 15, 2016. The Company’s principal business activities include the acquisition and exploration of resource properties in Canada.

The Company has not yet determined whether its exploration and evaluation assets contain resources that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the existence of reserves on these properties, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production from these reserves or sufficient proceeds from their disposal thereof. The Company has financed its operations primarily through the issuance of common shares and the Company continues to seek capital through various means including the issuance of equity. While the Company has been successful in obtaining its required funding in the past, there is no assurance that such future financing will be available or be available on favourable terms. Failure to obtain future financing would cast significant doubt as to the ability of the Company to meet its obligations as they come due, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

HIGHLIGHTS FROM THE PERIOD ENDED MAY 31, 2018

In November 2017, the Company announced grab sample results from the newly identified zone of mineralization from its Kinskuch Lake project. 14 grab samples grading from background values up to 7.2 per cent copper, 4.2 grams per tonne gold and 21.6 grams per ton silver in high-level porphyry mineralization. The new area is located approximately 750 metres south of the main trend of mineralization and is described as quartz sericite pyrite (QSP) altered diorite with high-level stock work veining, epithermal veining and skarn mineralization.

In December 2017, the Company reported its inaugural drill results on the Pyramid project where they intersected widespread gold mineralization of 482 metres of 0.19 gram per tonne gold equivalent. In the same West zone a second hole encountered 26 metres of 0.40 grams per tonne gold.

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In December of 2017, the Company closed a non-brokered private placement raising \$800,950 and issuing 9,422,941 units at a price of \$0.085. Each unit consists of one common share and half of one share purchase warrant. Each whole share purchase warrant may be exercised within two years to purchase one common share at a price of \$0.15.

EXPLORATION AND EVALUATION ACTIVITIES

Pyramid Copper-Gold Property, Canada

On May 22, 2013, the Company entered into an agreement to purchase a 100% interest in 19 contiguous mineral claims covering 7,307 hectares, collectively known as the Pyramid Property, located in northern British Columbia, Canada. Per the terms of the agreement, during fiscal 2013, the Company paid \$12,900 and issued 500,000 common shares, valued at \$25,000, to the vendor. In connection to the acquisition, the Company also paid \$1,125 for other acquisition costs.

The Pyramid Property has prospective geological and geochemical characteristics for hosting a copper-gold porphyry deposit described in the technical report on the Property dated June 24, 2013 (the "Technical Report") which was filed under the Company's profile on SEDAR in connection with the regulatory approval of the agreement.

The Technical Report reports no mineral resources as defined by National Instrument 43-101 being presently defined on the Pyramid Property and as no historical exploration work has been done on the property. According to the Technical Report, the Pyramid Property is a viable early-stage porphyry copper-gold target given its prospective geological and geochemical characteristics.

Results from Pyramid, Canada:

Fiscal 2017:

The Company is pleased to report it has intersected widespread gold mineralization (482m of 0.19 g/t gold equivalent) on the inaugural diamond drill program at its 187km² Pyramid gold copper project in NW British Columbia. Three holes, totaling 1,384 meters were drilled, with two holes targeting the West Zone and one hole targeting the Central Zone.

Highlights

- Drill hole PD-17-02 (485m) returned 482m of 0.19 g/t Au Eq including 19m of 0.60 g/t Au Eq (101-120m) and 75 m of 0.35 g/t Au Eq (278-353m) and 24 m of 0.75 g/t Au Eq (455-479m).
- Drill hole PD-17-03 (390m) drilled 800m from 17-02 returned 26m of 0.40 g/t Au Eq (111-137m)

Given the large size of the West Zone target, the first two diamond drill holes, 800m apart, have only begun to test the mineralizing system and the Company intends to aggressively follow up on West Zone in 2018. Original interpretations have led OK2 to believe that mineralization was predominantly related to a porphyry event but given the widespread gold mineralization, the prospect has the potential to host a large bulk tonnage epithermal gold system and a gold-copper porphyry.

West Zone

Drill holes PD-17-02 and PD-17-03 were drilled 800m apart on the West Zone target and tested shallow to deep IP chargeability anomalies coincident with anomalous gold-copper soil and rock geochemistry.

Drill hole PD-17-02 (485m) returned 481.5m of 0.19 g/t Au Eq (0.16 g/t Au) including 19.2m of 0.60 g/t Au Eq (0.57 g/t Au) from 101m and 75.0m of 0.35 g/t Au Eq (0.32 g/t Au) from 278m. The hole is located 3.7km from Highway 37 and was collared to target highly anomalous copper and gold soil and rock geochemistry with a coincident IP chargeability anomaly. Drilling encountered anomalous background copper mineralization throughout the hole indicating the upper levels of a porphyry environment. Epithermal style gold and silver bearing quartz carbonate chlorite (hematite) veining overprints earlier porphyry alteration. Mineralization consists of fine grained disseminated pyrite in addition to occasional occurrences of visible gold. Mineralization is open in all directions and at depth.

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Drill hole PD-17-03 (390m) collared above a chargeability high with coincident anomalous gold-copper soil geochemistry. It was drilled 73m to the south of RC drill hole PY-17-09 which encountered 9.14m of 0.13% Cu. Diamond drilling returned 26m of 0.40 g/t Au Eq (0.29 g/t Au) from 111m.

Central Zone

Drill hole PD-17-01 (509m) was completed in the covered Central Zone where soil geochemical and IP chargeability and resistivity anomalies occur. Earlier reverse circulation drilling on the target (NR dated Aug 14th, 2017) encountered zones of strong phyllic alteration within diorites. PD-17-01 drilled through diorites with anomalous background copper geochemistry and into andesites. The hole failed to return any significant intercepts; however, epithermal style alteration was present throughout the hole.

Hole	Zone		From (m)	To (m)	Length (m) +	Au g/t	Ag g/t	Cu %	Au Eq* g/t
PD-17-01	Central		No significant intercepts			-	-	-	-
PD-17-02	West		3.5	485	482	0.16	0.12	0.02	0.19
		including	101	120	19	0.57	0.34	0.02	0.60
		including	278	353	75	0.32	0.17	0.01	0.35
		including	455	479	24	0.71	0.21	0.02	0.74
		Also including	464	465	1	11.97	2.44	0.02	12.03
PD-17-03	West		15	293	278	0.09	0.11	0.02	0.12
		including	15	53	38	0.17	0.16	0.02	0.19
		including	111	137	26	0.29	0.23	0.06	0.40

Fiscal 2016:

The Phase 1 2016 exploration program at the Pyramid Property consisted of geological and alteration mapping on the West and East Zones as well as regional scale mapping and prospecting along trend to the northwest and southeast limits of the property.

Mapping and sampling on the West and East Zones revealed zoned alteration typical of porphyry copper-gold and epithermal gold deposits respectively. Regional work led to the discovery of two new zones: the Chili Zone in the SE portion of the property and Zone 37, located adjacent to the West Zone. As a result of the 2016 mapping and sampling programs the Company staked additional claims to bring the Pyramid land package to 186 km².

Zone 37 is located 2.5km southeast of Highway 37 and is adjacent to the West Zone. It includes an area with Brucejack-style epithermal expressions, including quartz stockworks and quartz blow outs. The zone is defined by rock samples grading from background to 83 g/t Au (2.67 oz/ton) and 0.47% Cu from a narrow quartz-carbonate-chlorite vein.

The Chili Zone encompasses a 15km² alteration assemblage located 5-10km along trend to the southeast from the West Zone. As a result of the discovery of this zone, the Company felt compelled to expand our land position considerably as reported in the news release dated September 20, 2016. The zone contains rock samples with disseminated mineralization grading from background to 0.15% Cu and background to 0.18 g/t Au. Within this zone is a large, high-level alteration zone with up to 10% disseminated pyrite with intense silica and sericite development. This zone remains relatively unexplored and will be followed up with a soil geochemical, IP geophysical survey, and detailed mapping in future exploration programs.

During the period, the Company commenced a 5 hole, reverse circulation (RC) drill program on the West Zone. The helicopter supported RC rig has capabilities of reaching 200m depth and will be used primarily as a reconnaissance drill that will help prioritize areas for subsequent diamond drilling. Four holes were completed, with extreme winter conditions constraining the fifth hole prior to reaching its target depth. All samples were analyzed by SGS Labs in their Vancouver laboratory.

The following is a summary of the analytical results from each hole. Importantly, all holes hit anomalous mineralized intervals and coupled with the results from the TerraSpec analyses, demonstrate that the RC drilling was successful in helping target proposed

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diamond drill hole locations. As a result, management is planning a significant drill program to follow up on the 2016 drill program in Q2 2017.

RC Drilling Results

Hole #	Depth (m)	From (m)	To (m)	Interval (m)	Au (g/t)	Ag (g/t)	Cu (%)	Target
PY-16-1	108.2	16.77	24.39	7.62	0.01	0.10	0.09	Chargeability High
including		18.29	22.86	4.57	0.02	0.14	0.12	
and		48.77	50.29	1.52	2.50	40.30	0.02	
PY-16-2	153.9	45.73	94.5	48.77	0.03	0.08	0.02	Quartz Stockwork, increased silicification
including		80.78	94.5	13.72	0.05	0.12	0.02	

Hole #	Depth (m)	From (m)	To (m)	Interval (m)	Au (g/t)	Ag (g/t)	Cu (%)	Target
PY-16-3	173.4	91.44	97.53	6.09	0.20	0.15	0.02	Chargeability High
PY-16-4	173.7	77.72	140.2 1	62.49	0.04	0.03	-	Alteration and Chargeability High
including		103.63	118.8 7	15.24	0.10	0.03	-	
PY-16-5	54.7	0	54.73	54.73	0.07	0.08	0.02	Chargeability High and High Surface Cu values
including		1.52	13.68	12.16	0.20	0.15	0.03	

These drill results are very encouraging for locating disseminated gold mineralization at Pyramid. Since gold is more mobile than copper, it would be expected to see relatively higher gold values distal to a copper-gold porphyry deposit. Hole PY-16-5, the final hole of the shortened program was only drilled to 55m and was targeted on a large, deep chargeability anomaly. Given the moderate to high grade surface samples in the surrounding area, this is now our main area of interest at the West Zone. Drilling also proved the hypothesis that the finer grained diorite porphyry was responsible for mineralization and intrudes the megacrystic unit.

The Pyramid project was staked in 2013 following up on anomalous regional stream geochemical sampling completed by the BC government in 1980. Detailed exploration has demonstrated the porphyry copper-gold potential for this under explored project located in the highly prospective Quesnel Terrane in Northwest BC. Nearby projects include the Red Chris and Galore Creek Cu-Au deposits.

Fiscal 2015:

The 2015 exploration program was designed to follow up on the widespread copper and gold anomalies outlined in the 2014 exploration program results (see October 21/2014 news release). The 2015 program consisted of the collection of over 400 geochemical samples (soil and rock) detailed geological mapping, prospecting and 3D-Induced Polarization geophysics. Rock sampling from the East Zone and MT (West) Zones returned anomalous copper and gold results and infill soil sampling at the MT (West) Zone returned anomalous copper values. A total of 77 rock samples were collected, with gold values ranging from 0.8 ppb to 4515 ppb, copper values ranging from 8.7 ppm to 7033.2 ppm and silver values ranging from less than 0.1 ppm to 3.0 ppm. A total of 367 soil samples were collected with copper values ranging from 5 ppm to 3116 ppm.

A 3D-IP Geophysics survey was completed, and was designed to expand on areas that returned open ended chargeability and resistivity anomalies.

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Fiscal 2014:

The 2014 exploration program at Pyramid followed up on the widespread copper and gold anomalies outlined in the 2013 exploration program (see news release on 2014-01-15). The 2014 program was highlighted by discoveries of additional zones of widespread gold and copper soil and rock geochemical anomalies and a number of coincidental interpreted IP chargeability and resistivity anomalies

Soil sampling, rock sampling and geophysics in 2014 have outlined three priority zones to date: the MT (now the “West”) Zone, the Central Zone and the East Zone. The MT and East Zones were the focus for the 2014 geochemical program.

The East Zone (discovered in 2013) returned a number of encouraging rock sampling results, including sample 2689655 which returned 11.5 g/t Au, 7.0 g/t Ag and 805 ppm Cu, sample 2588452 which returned 4.6 g/t Au, 2.5 g/t Ag, and 746 ppm Cu, and sample 2689653 which returned 0.36% Cu.

At the MT (West) zone, 2014 soil sampling defined a broad 2.5km² zone of coincident 95th percentile gold (>39.86 ppb) with soil values up to 4.2g/t Au and 95th percentile copper (>253.5 ppm) with soil values up to 1344 ppm Cu. Rock sampling in the area also returned encouraging results including sample 2689002 which returned 0.27 % Cu and 0.10 g/t Au, sample 2689008 which returned 0.29 % Cu, 0.18 g/t Au and 3.8 g/t Ag.

The Company completed a 32.3 line-km Volterra-3D IP survey that was designed to investigate two significant geochemical copper-gold anomalies at the MT (West) and Central Zones, outlined from the 2013 exploration program. The purpose of this program was to identify if there are resistive and chargeable signatures associated with the geochemical anomalies of interest. A large interpreted chargeability anomaly (greater than 16 ms) was identified below a known geochemical target at the Central Zone (up to 976 ppm Cu and 0.223 g/t Au, averaging 359 ppm Cu). Additionally, the IP Program was expanded to include an area identified by XRF, which led to an interpreted chargeability feature being identified below the recently discovered gold-in-soils anomaly at the MT (West) Zone.

The 2014 exploration program was successful in outlining new zones of copper and gold mineralization. Follow up rock sampling confirmed the 2013 soil program anomalies at the MT Zone and new sampling outlined encouraging (up to 11.5 g/t Au) rocks at the East Zone and encouraging (4.23 g/t Au) soils at the MT Zone. The 2014 Volterra 3D IP survey was successful in outlining interpreted chargeability and resistivity highs that are coincident with elevated copper and gold geochemistry at both the Central and MT Zones.

Based on the positive results from the 2014 exploration program, OK2 staked additional claims to the west and to the north of the existing claim group.

Mr. George Cavey, P.Geo has reviewed the exploration program summarized above and is the Company's “Qualified Person” with respect to the Pyramid property for the purposes of NI 43-101.

Results from Kinskuch Project, Canada**Fiscal 2017:**

On November 28, 2017, the Company announced that The Kinskuch Lake project has seen a rapid evolution of the geologic model, where past operators targeting a vertical system, did not outline the horizontal setting of the porphyry mineralization. Work by the British Columbia Geological Survey, UBC Department of Geology and OK2 in the summer of 2017 determined that deeper core zone alteration and mineralization, which is typically tested with deep drilling is now present at surface. New sampling in these regions of interest have returned very promising results over 2.25km of trend with 42 rock samples returning an average of 0.57% Cu and 0.35 g/t Au (see news release dated Sept 12, 2017). These rock samples come from areas with limited or no historic sampling and some are from areas of recent glacial retreat.

At the Eastern margin of this trend is a 200m deep drill hole, drilled by Canadian Empire Mining in 2003, which returned values of 0.86% Cu and 0.64g/t Au over 25m and bottomed in 50m of 0.33% Cu and 0.21 g/t Au (see news release dated Aug 17, 2016). Additional diamond drill holes on the property reported in the historic BC government assessment files include intervals of 1.22% Cu over 16.2m and 0.23% Cu over 43.7m from holes completed by Forest Kerr Mines in 1965.

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OK2 Minerals has received the data from its Airborne ZTEM survey flown in conjunction with Dolly Varden Silver and Hecla Mining Company on the Kinskuch Lake project. The company is awaiting the final technical report from our geophysical consultant that will incorporate the data from the airborne survey with the Company's recent mapping and rock sampling results.

Fiscal 2016:

On August 18, 2016, the Company acquired from LCT Holdings Inc, a 100% interest in 7 claim (3025 ha) Kinskuch Project, a Cu-Au porphyry prospect located at the southern end of BC's Golden Triangle.

Project Highlights:

- Strategic land package completely surrounded by Hecla Mining Company.
- Hosts an advanced Cu-Au prospect within a large producing mining district of BC.
- Discovery hole BB03-03 returned 25m of 0.86% Cu with 0.64 g/t Au and another intersection of 21m of 0.36% Cu with 0.24 g/t Au which ended in mineralization.
- Nearby, approximately 1 km away to the east, hole 08BB-13 may have tested the periphery of the porphyry and returned two intercepts of 9.15m of 0.16% Cu and 0.08g/t Au as well as 7.58m of 0.08%Cu and 0.35 g/t Au. The untested area surrounding these encouraging holes will be a primary drill target in future drill programs.

The Kinskuch Project is located in the Stikinia Terrane, which hosts large epithermal gold, porphyry copper/gold and VMS deposits in British Columbia. The target area lies within prospective stratigraphy, including the well documented Stuhini-Hazelton contact, an Upper Triassic-Lower Jurassic contact. The geological setting and style of mineralization of the Kinskuch Lake area is similar to that of the Sulphurets District.

To earn a 100% interest, the Company must make the following payments:

- pay \$50,000 on the closing date (paid);
- pay \$75,000 and incur \$100,000 of exploration expenditures on or before August 18, 2017 (paid and incurred);
- pay \$100,000 and incur \$250,000 of exploration expenditures on or before August 18, 2018;
- pay \$150,000 and incur \$500,000 of exploration expenditures on or before August 18, 2019;
- pay \$250,000 and incur \$750,000 of exploration expenditures on or before August 18, 2020; and
- pay \$1,000,000 on or before August 18, 2021.

The Kinskuch property is subject to a 2% NSR of which 1% can be repurchased for \$1,100,000 and advanced royalty payments commencing after the Company has earned its 100% interest.

In addition, during the year ended November 30, 2016, the Company staked claims on the Kinskuch Project in the amount of \$13,868.

Results from VMS and Golden Mickey Properties, Canada**Fiscal 2016:**

On October 26, 2016, the Company entered into an option agreement to earn a 100% interest in claims known as the VMS and Golden Mickey properties. The claims are Cu-Au porphyry prospects located in Northern British Columbia. To earn a 100% interest, the Company must make the following payments:

- pay \$50,000 on the closing date (paid);
- pay \$75,000 and incur \$100,000 of exploration expenditures on or before October 26, 2017 (paid and incurred);
- pay \$100,000 and incur \$250,000 of exploration expenditures on or before October 26, 2018;
- pay \$150,000 and incur \$500,000 of exploration expenditures on or before October 26, 2019;
- pay \$250,000 and incur \$750,000 of exploration expenditures on or before October 26, 2020; and
- pay \$1,000,000 on or before October 26, 2021.

The VMS and Golden Mickey properties are subject to a 2% NSR of which 1% can be repurchased for \$1,000,000 and advanced

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royalty payments commencing after the Company has earned its 100% interest.

The VMS claim block has two known areas of gossan with precious and base metal mineralization as well as two areas of mineralized float boulders for which a source has yet to be discovered. The Golden Mickey has high grade surface samples with very limited follow up. The combination of the VMS, Golden Mickey, and Kinskuch claims brings the OK2 land package to over 50km². A full exploration program is planned for 2017.

RESULTS OF OPERATIONS

During the six month period ended May 31, 2018, the Company incurred a loss and comprehensive loss of \$488,033 compared to \$1,031,971 during the period ended May 31, 2017.

Significant changes during the period ended May 31, 2018 as compared to the period ended May 31, 2017 include the following:

- Advertising, marketing and promotion of \$18,917 (2017 - \$143,491) decreased as a result of initiatives that were completed to raise awareness for financings during the comparative period.
- Consulting, director, management fees of \$112,062 (2017 - \$225,913) decreased as a result of lower fees overall and due to the resignation of the former President during the comparative year.
- Exploration and evaluation – Property specific of \$63,212 (2017- \$179,873) decreased primarily as a result of exploration and drilling costs incurred on the Pyramid Property during the comparative period.
- Exploration and evaluation expenditures – General of \$25,811 (2017 - \$48,504) decreased primarily as a result of decrease in the number of geological consultants engaged during the current period.
- Travel expenses of \$37,292 (2017 - \$112,551) decreased primarily as a result of less trips during the current period.

During the three month period ended May 31, 2018, the Company incurred a loss and comprehensive loss of \$257,784 compared to \$637,819 during the period ended May 31, 2017.

Significant changes during the period ended May 31, 2018 as compared to the period ended May 31, 2017 include the following:

- Advertising, marketing and promotion of \$7,917 (2017 - \$135,611) decreased as a result of initiatives that were completed to raise awareness for financing during the comparative period.
- Consulting, director, management fees of \$50,150 (2017 - \$109,463) decreased as a result of lower fees overall and due to resignation of the former President during the comparative year.
- Exploration and evaluation – Property specific of \$35,400 (2017- \$140,100) decreased primarily as a result of exploration and drilling costs incurred on the Pyramid Property during the comparative period.
- Travel expenses of \$33,443 (2017 - \$77,521) decreased primarily as a result of less trips during the current period.

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SELECTED QUARTERLY INFORMATION

	2nd Quarter Ended May 31, 2018	1st Quarter Ended February 28, 2018	4th Quarter Ended November 30, 2017	3rd Quarter Ended August 31, 2017
Revenue	\$Nil	\$Nil	\$Nil	\$Nil
Loss and comprehensive loss	\$257,784	\$230,249	\$1,178,226	\$1,176,021
Loss per share – basic and diluted	(\$0.00)	(\$0.00)	(\$0.02)	(\$0.02)

	2nd Quarter Ended May 31, 2017	1st Quarter Ended February 28, 2017	4th Quarter Ended November 30, 2016	3rd Quarter Ended August 31, 2016
Revenue	\$Nil	\$Nil	\$Nil	\$Nil
Loss and comprehensive loss	\$637,819	\$394,152	\$1,161,744	\$747,019
Loss per share – basic and diluted	(\$0.01)	(\$0.01)	(\$0.02)	(\$0.01)

LIQUIDITY

Working capital is a measure of both a company's efficiency and its short-term financial health, which is calculated as current assets less current liabilities. The working capital ratio of current assets to current liabilities indicates whether a company has enough short-term assets to cover its short-term debt.

At May 31, 2018, the Company had current assets of \$602,562 and current liabilities of \$93,818 yielding a working capital of \$508,744. The Company maintains a high liquidity by holding cash balances in interest-bearing Canadian bank accounts. The high working capital ratio is a reflection of the Company's operating cycle, which consists of maintaining funds through the issuance of shares, before engaging in exploration activities.

The Company has not generated any revenue from operations and to date has relied entirely upon the sale, by way of private placement, of common shares and flow-through common shares to carry on its business.

In December 2017, the Company completed a private placement of 9,422,940 units at a price of \$0.085 per unit for gross proceeds of \$800,950, of which \$85,000 was received during the year ended November 30, 2017. Each unit consists of one common share and one-half of one share purchase warrant. Each whole warrant may be exercised to purchase one common share at a price of \$0.15 for a period of two years. In relation to the financing, the Company paid finders fees of \$36,366 cash, of which \$15,600 was incurred during the year ended November 30 2017, and issued 244,076 broker's warrants valued at \$4,600 using the Black-Scholes option pricing model assuming expected life of 2 years, a risk-free interest rate of 1.49%, a forfeiture and dividend rate of 0% and an expected volatility of 74.91%.

	May 31, 2018	November 30, 2017
Working Capital	\$ 508,744	\$ 309,593
Deficit	(9,284,651)	(8,796,618)

Net cash used in operating activities for the period ended May 31, 2018 was \$524,388 compared to \$965,637 used for the period ended May 31, 2017, and consisted primarily of the operating loss adjusted for non-cash items and changes in non-cash working capital items.

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Net cash provided by financing activities for the period ended May 31, 2018 was \$695,184 compared to financing activities of \$1,753,221 for the period ended May 31, 2017. The change for the current period is mainly due to private placement of \$715,950 (2017 - \$1,841,250).

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not utilize off-balance sheet arrangements.

COMMITMENT

Flow-through private placements

As at November 30, 2017, in connection with the issuance of flow-through common shares in July 2016, the Company was obligated to incur \$1,200,670 of qualifying flow-through expenditures (fulfilled).

The flow-through shares were issued at a premium to the non-flow-through shares which is a reflection of the value of the income tax write-offs that the Company will pass on to the flow-through shareholders. The premium was determined to be \$141,255 and was recorded as a reduction of share capital. An equivalent flow-through share premium liability was recorded which is reversed as the required exploration expenditures are completed.

The following is a continuity schedule of the deferred premium on flow-through shares issuance:

Balance at November 30, 2016	\$	47,535
Settlement of flow-through share liability on incurring expenditures – other income		<u>(47,535)</u>
Balance at November 30, 2017 and May 31, 2018	\$	<u>-</u>

At May 31, 2018, the Company is committed to spend \$149,587 on flow-through eligible exploration expenditures on or before December 31, 2018.

Leased Premises

The Company is committed to the following minimum payments (before applicable taxes) for the leased premises located at suite 480 – 505 Burrard Street, over the next five months. The lease on the premise commenced on August 1, 2016 and was renewed for an additional year through to July 2018. During the period ended May 31, 2018, the Company extended the lease to July 2020. The terms of the lease are as follows:

<u>Year</u>	<u>Premises</u>
2018	\$ 49,735
2019	87,541
2020	51,066

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TRANSACTIONS WITH RELATED PARTIES

During the period ended May 31, 2018, the Company entered into the following transactions with related parties, directors and key management personnel. Key management personnel are individuals responsible for planning, directing and controlling the activities of the Company and include certain directors and officers.

Transactions with related parties and key management personnel are as follows:

Paid or accrued to	Nature of transactions	Six Months Ended May 31, 2018	Six Months Ended May 31, 2017
<u>Key management personnel:</u>			
Directors and companies controlled by Directors	Director fees	\$ 16,300	\$ 32,600
A company controlled by a family member of the former Corporate Secretary	Consulting	15,000	24,000
A company controlled by the CEO	Consulting	60,000	93,335
A company controlled by a Director	Geological consulting	60,000	57,500
A company controlled by the former President	Management	-	93,335
Total		\$ 151,300	\$ 300,770
<u>Related parties:</u>			
A firm of which a Director is a former partner	Professional	\$ -	\$ 16,300
A company controlled by a Director	Professional	45,800	15,000
A family member of a Director	Geological consulting	30,000	30,000
Total		\$ 75,800	\$ 61,300

The amounts due to related parties included in accounts payable and accrued liabilities are as follows:

	May 31, 2018	November 30, 2017
Due to the Directors and companies controlled by Directors	\$ 62,449	\$ 41,581
Total	\$ 62,449	\$ 41,581

CHANGES IN ACCOUNTING POLICIES

Please refer to the unaudited condensed interim financial statements for the period ended May 31, 2018 on www.sedar.com

NEW ACCOUNTING STANDARDS AND AMENDMENTS TO EXISTING STANDARDS

Please refer to the unaudited condensed interim financial statements for the period ended May 31, 2018 on www.sedar.com

FINANCIAL AND CAPITAL RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are described below.

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

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

Fair value of financial instruments

The Company has various financial instruments including cash, short-term investment, receivables and accounts payable and accrued liabilities. Short-term investments are carried at fair value using a level 1 fair value measurement. The carrying values of cash, receivables and accounts payable and accrued liabilities approximate their fair values due to the short-term nature of these financial instruments.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

The Company is exposed to credit risk only with respect to uncertainties as to timing and amount of collectability of receivables. The Company believes its credit risk is low because a portion of receivables are comprised of goods and services tax (GST) and other government refunds, which is recoverable from the governing body in Canada. Management does not believe the receivables are impaired. The Company doesn't believe there is significant credit risk associated with cash as these amounts are held with major Canadian banks.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at May 31, 2018, the Company had a cash balance of \$602,562 (November 30, 2017 – \$349,513) to settle current liabilities of \$93,818 (November 30, 2017 – \$148,643). All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize such a loss is limited as it does not have any significant interest-bearing financial instruments.

Price risk

Mineral prices, in particular gold and silver, are volatile, and have fluctuated sharply in recent periods. The prices are subject to market supply and demand, political and economic factors, and commodity speculation, all of which can interact with one another to cause significant price movement from day to day and hour to hour. These price movements can affect the Company's ability to operate and to raise financing through the sale of its common shares.

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Foreign currency risk

As at May 31, 2018 and November 30, 2017, the Company did not have any accounts in foreign currencies and considered foreign currency risk insignificant.

OUTSTANDING SHARE DATA

As at the date of this MD&A, the Company has 97,975,007 common shares issued and outstanding, and has the following stock options and warrants outstanding:

	Number	Exercise Price	Expiry Date
Warrants	7,365,000	\$ 0.20	March 8, 2019
	470,000	\$ 0.20	March 8, 2019
	6,500,000	\$ 0.20	March 3, 2019
	4,711,471	\$ 0.15	December 6, 2019
	244,076	\$ 0.15	December 6, 2019
	<u>19,290,547</u>		
Stock options	500,000	\$ 0.23	April 13, 2019
	225,000	\$ 0.18	August 26, 2019
	100,000	\$ 0.18	August 26, 2019
	685,000	\$ 0.12	June 29, 2020
	400,000	\$ 0.23	May 3, 2021
	1,925,000	\$ 0.18	August 26, 2021
	1,750,000	\$ 0.10	September 17, 2023
	<u>250,000</u>	\$ 0.10	November 1, 2023
	5,835,000		

ADDITIONAL DISCLOSURE FOR JUNIOR ISSUERS

The Company has allocated sufficient funds from the net proceeds of the financings to cover the estimated general and administrative expenses after which time the Company will require additional funds to satisfy its ongoing expenses. There can be no assurance that financing, whether debt or equity, will always be available to the Company in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to the Company. See "Risks and Uncertainties" below.

RISKS AND UNCERTAINTIES

Mineral exploration is subject to a high degree of risk, which even a combination of experience, knowledge and careful evaluation may fail to overcome. These risks may be even greater in the Company's case given its formative stage of development.

Exploration activities are expensive and seldom result in the discovery of a commercially viable resource. There is no assurance that the Company's exploration will result in the discovery of an economically viable mineral deposit. The Company has generated losses to date and anticipates that it will have sufficient financial resources to undertake its planned exploration programs for the ensuing year, it will require additional funds to further explore its properties. There is no assurance such additional funding will be available to the Company on commercially reasonable terms or at all. Additional equity financing may result in substantial dilution thereby reducing the marketability of the Company's shares. The Company's activities are subject to the risks normally encountered in the mining exploration business. The economics of exploring, developing and operating resource properties are affected by many factors including the cost of exploration and development operations, variations of the grade of any ore mined and the rate of resource extraction and fluctuations in the price of resources produced, government regulations relating to royalties, taxes and environmental protection and title defects. The Company's mineral resource properties have not been

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surveyed and may be subject to prior unregistered agreements, interests or land claims and title may be affected by undetected defects. In addition, the Company may become subject to liability for hazards against which it is not insured. The mining industry is highly competitive in all its phases and the Company competes with other mining companies, many with greater financial and technical resources, in the search for, and the acquisition of, mineral resource properties and in the marketing of minerals. Additional risks include the current lack of any market for the Company's securities and the present intention of the Company not to pay dividends. Certain of the Company's directors and officers also serve as directors or officers of other public and private resource companies, and to the extent that such other companies may participate in ventures in which the Company may participate, such directors and officers of the Company may have a conflict of interest. Finally, the Company has no history of earnings, and there is no assurance that any of its current or future mineral properties will generate earnings, operate profitably or provide a return on investment in the future. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations.

For a more detailed discussion of the risk factors affecting the Company and its exploration activities, please refer to the information available on the Company's SEDAR website at www.sedar.com.