



## **Group Eleven Resources Corp.**

Management Discussion and Analysis  
For the Year Ended December 31, 2018

The following Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations of Group Eleven Resources Corp. ("Group Eleven" or "the Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended December 31, 2018. The MD&A was prepared as of April \_\_, 2019 and should be read in conjunction with the Company's audited annual consolidated financial statements ("Financial Statements") and related notes for the years ended December 31, 2018 and 2017. All figures are in Canadian dollars unless otherwise stated. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

## **Overview**

Group Eleven is an emerging zinc exploration and development company, focused on using a two-pronged, parallel approach, consisting of regional 'Big Think' combined with near-term growth through resource expansion and drill target testing to discover Ireland's next major zinc mine. Over the last four years, the Company has assembled the largest zinc ground position in Ireland, currently holding 99 licenses, comprising over 3,200 square km in five main properties which are highly prospective for Irish Type zinc-lead mineralization. Ireland ranks as one of the largest zinc producers in Europe and is host to some of the world's largest zinc deposits.

## **2018 Highlights**

- In August the Geological Survey Ireland commenced an airborne geophysical (Tellus) survey covering over 2,500 square kilometres including Group Eleven's exploration ground in the highly prospective Limerick and Silvermines Basins. The results from this survey will be incorporated into the Company's 'Big Think' regional exploration program and will materially advance the identification of high-quality near-term drill targets.
- During the second quarter the Company completed drilling at the Stonepark project, targeting a key area of known high-grade mineralization on the presumed eastern edge of the previously announced maiden Inferred Mineral Resource Estimate ("MRE"). The hole (G11-2638-01) targeted a postulated fault which was previously believed to truncate the eastern extension of the Stonepark MRE boundary; this fault was not encountered in drilling indicating that mineralization remains open to the east toward Glencore's neighboring Pallas Green deposit. The hole also intersected 5.4 metres of 25.0% zinc and 7.2% lead (32.2% combined) and 12.2 grams per ton (g/t) silver (true width is estimated at 4.9m), verifying one of the known high-grade zones within the Stonepark MRE.
- The Company also completed drilling two holes at the Ballinalack project during the second quarter. As released on August 7th, 2018, the first hole, G11-1344-01, is the first definitive test of the Ballinalack fault directly below an area where a historical estimate had been prepared. This hole successfully encountered the structure, significantly advancing the understanding of local geometry and helping vector towards four priority Navan Bed targets. The second hole, G11-1344-02, drilled near the south end of the historical estimate, intersected several zones of significant zinc, lead, and silver mineralization, including 10.3 metres of 8.9% zinc and 1.7% lead (10.6% combined) and 52 g/t silver (true width is estimated at >90%).

## **Report on Operations**

During the year ended December 31, 2018, the Company commenced exploration at two of the four key properties, Stonepark and Ballinalack, and continued evaluating areas of interest at PG West, an extension of Stonepark in the Limerick region. The Company also completed work on a structural reinterpretation at Stonepark, seismic reinterpretation at both Stonepark and Ballinalack, and ionic leach sampling at the Ballinalack project. The results of this work are being evaluated and incorporated into the Company's ongoing exploration plans for 2019.

## Property Summary

### Stonepark Project (Limerick Region)

The Stonepark project ("Stonepark") holds six prospecting licenses ("PLs") covering an area of 183.5 square kilometres and hosting three main zones of known mineralization, Stonepark North, Stonepark and Stonepark West, located west of Glencore's Pallas Green deposit. The Company holds a 76.56% interest in TILZ Minerals Ltd. ("TILZ"), the legal entity that holds the licenses comprising Stonepark. The remaining 23.44% equity interest in TILZ is held by Arkle Resources PLC ("Arkle", formerly known as Connemara Mining Company plc), an Ireland-based company focused on zinc and gold exploration. Each partner has funded its pro-rata share of exploration and development programs in 2018. The interest in TILZ is consolidated, with the acquisition value of the project reflected in exploration and evaluation assets and ongoing exploration costs reflected as expenses on the income statement. The carrying value ascribed to Arkle's 23.44% interest in TILZ is captured as Non-controlling Interest in the audited annual consolidated financial statements for the year ended December 31, 2018.

The Stonepark database acquired in 2017 consisted of 57,742 metres of drilling, including 2,975 metres of historical (1960s to 1980s) drilling from Tara Prospecting, Conroy, Arcon and Greenhills, and 54,767 metres of recent (2007-2012) drilling by Teck Resources Limited ("Teck"), the previous operator. The Company has possession of all Teck core. The database also includes 18 line-kilometres of 2D seismic surveys, and a number of geophysical (gravity, IP and other) and geochemical surveys. The Company's primary focus at Stonepark will be to expand known mineralization and advance other target areas towards further discovery, utilizing a combination of seismic profiling integrated with tectono-stratigraphic basin evaluation and target drilling.

On April 17, 2018 the Company announced a maiden independent Mineral Resource Estimate ("MRE") for Stonepark of 5.1 million tonnes grading 11.3% zinc and lead combined (8.7% zinc and 2.6% lead) in the Inferred Mineral Resource category (prepared in accordance with CIM guidelines). The MRE was prepared by CSA Global (UK) Ltd. under contract to SLR Consulting Ireland and was based on drilling conducted by Teck from 2007 to 2011. The deposit is relatively shallow (occurring at depths ranging from 190 metres to 395 metres) and consists of flat-lying, stratiform (1.0 to >7.5 metres thick) lenses of massive to semi-massive sphalerite, galena and pyrite hosted in thick (10 to >75 metres) hydrothermal alteration bodies (primarily black matrix breccia, or "BMB") within the Waulsortian limestone.

The Stonepark MRE is contained within three main zones – Stonepark North, Stonepark West and Stonepark (see Exhibit 2 and 3). The bulk of the tonnage lies in the high-grade Stonepark North body which contains 4.0 million tonnes grading 11.95% zinc and lead (9.10% zinc and 2.86% lead) and lies 190 metres to 240 metres below surface. The MRE was based on 88 diamond drill holes totaling 37,270 metres.

#### Zones comprising maiden Mineral Resource at Stonepark zinc project, Ireland

Area	Resource Category	Tonnes ('000)	Grades			Metal Content (lbs)		
			Zn (%)	Pb (%)	Zn+Pb (%)	Zn ('000)	Pb ('000)	Zn+Pb ('000)
Stonepark North	Inferred	3,900	9.2	2.9	12.1	790,200	247,600	1,037,800
Stonepark West	Inferred	800	7.1	2.2	9.3	128,000	39,900	167,900
Stonepark	Inferred	400	7.0	1.0	8.0	64,000	9,100	73,100
<b>Total</b>		<b>5,100</b>	<b>8.7</b>	<b>2.6</b>	<b>11.3</b>	<b>982,200</b>	<b>296,600</b>	<b>1,278,800</b>

Notes:

- Classification of the MRE was completed based on the guidelines presented by Canadian

Institute for Mining (CIM), adopted for Technical reports which adhere to the regulations defined in Canadian National Instrument 43-101 (NI 43-101).

- Inferred Mineral Resources are at 4.8% zinc equivalent cut-off grade.
- Zinc Equivalent (ZnEq) = (NSRPb + NSRZn + Mc + Pc) / (RZn \* PZn \* (PrZn - ScZn) - RZn \* PZn \* PrZn \* (RoyZn / 100))
- ZnEq cut-off grade (calculated from Net Smelter Return) using the following parameters:
  - Zinc price of US\$3,284/t, recovery 88%; Lead price of US\$2,425/t, recovery 80%.
  - Concentrate grade 60% zinc, 50% lead.
  - Processing cost of US\$21.25/t; Mining cost of US\$46.50/t; Treatment charges of US\$1.00/t of concentrates.
  - Payable zinc 85%, lead 94%, with selling cost zinc US\$1,257/t metal and lead US\$1,026/t metal.
  - Royalty of 4.5%.
- The Inferred Mineral Resource classification is based on geology, trends in mineralisation, drilling spacing, sampling QA/QC, estimation search pass number and number of samples, and zinc equivalent grade.
- Tonnages and metal are rounded to the nearest 100,000 to reflect this as an estimate.
- Average In Situ Dry Bulk Density for mineralised material is 3.24 t/m<sup>3</sup>, based on available data.
- Mineralisation wireframes were constructed using a minimum true thickness of 2.0 m, at 2% Zn+Pb natural cut-off.
- CSA Global is not aware of any known environmental, permitting, legal, title, taxation, socio-economic, marketing, political, or other relevant factors that could materially affect the MRE.

During the year ended December 31, 2018, the Company also completed drill hole G11-2638-01 in a key area of known high-grade mineralization on the presumed eastern edge of the MRE. This hole was diamond drilled to a depth of 456 metres with an azimuth of 065° and dip of -65°. Core was oriented using a Reflex Act II tool. This hole intersected mineralization close to a historic hole hosting similar thickness and grade. This was the first inclined and oriented hole ever drilled in the resource area - facilitating proper structural analysis. The hole targeted a postulated fault which was previously believed to truncate the eastern extension of the Stonepark MRE boundary, however the fault was not encountered in drilling. This indicates that mineralization in this area is now open east toward Glencore's neighboring Pallas Green deposit. G11-2638-01 intersected 5.40 metres of 25.0% zinc and 7.2% lead (32.2% combined) and 12.2 g/t silver (true width is estimated at 4.9 metres), verifying one of the high-grade zones within the Stonepark MRE.

The Company spent \$447,250 during 2018 on the Stonepark project, primarily on drilling, gravity surveying and reinterpretation of structural data. Late in the fourth quarter the Company commenced drilling on two of the three target holes outside of the existing MRE to advance the Company's ongoing "Big Think" exploration strategy by providing 3D geological information for a proposed drill program later in 2019.

### **PG West (Limerick Region)**

The PG West project comprises 34 PLs covering 1,055 square kilometres and is contiguous with the Company's Stonepark project, covering additional prospective stratigraphy in the Limerick region. The project hosts the Carrickittle area, which is the third most advanced zinc prospect in the Pallas Green region, after Glencore's Pallas Green deposit and the Company's Stonepark deposit. Previous drilling results at Carrickittle have shown significant widths and grades at shallow depths, including 4.9 metres of 12.8% zinc/lead and 3.1 metres of 18.1% zinc/lead and 31 g/t silver. The Gortdrum prospect, located on the southeast part of the project, was discovered in 1966 and contained 4.2 million tonnes grading 1.2% copper and 23 g/t silver (historic estimate<sup>1</sup>). Open pit mining occurred from 1967 to 1975 with total production of 38,000 tonnes copper and 2.9 million ounces silver. Over 20,000 metres of drilling has been conducted historically but constrained primarily to the historic ore body. Exploration ceased in the late 1970s. The project lay dormant for the ensuing three decades, in part because, contrary to standard practice, no PLs were reinstated over the mine site after the mining lease expired

in 1986. The clerical error was identified by the Company, which subsequently applied for and received the PLs. Another prospect, Oola, is known to be an area of extensive historic silver-lead and copper workings, with records as early as the 13<sup>th</sup> Century. Group Eleven aims to determine if the Oola veins are part of a larger structural corridor within the Limerick basin, with potentially significant zinc exploration potential.

For the year ended December 31, 2018, the Company incurred \$402,687 in exploration expenditures at PG West, primarily on ionic leach analysis, gravity surveying, the structural reinterpretation of the Limerick basin, data compilation using Geographical Information Systems, and the Limerick basin study covering the PG West and Stonepark properties.

### **Ballinalack Project**

The Ballinalack project ("Ballinalack") covers approximately 312 square kilometres and is located approximately 50 kilometres west of the currently producing Navan Zinc-Lead Mine (Boliden AB). The Company holds a 60% interest in Ballinalack Resources Limited ("BRL"), the legal entity that owns the licenses comprising Ballinalack. The remaining 40% of BRL is owned by Shenzhen Zhongjin Lingnan Nonfemet Company Limited ("Nonfemet"), one of the largest zinc producers in China. It is expected that each partner will fund its pro-rata share of exploration and development programs in 2019. The interest in BRL is consolidated, with the acquisition value of the project reflected in exploration and evaluation assets and ongoing exploration expenditures reflected on the income statement. The carrying value ascribed to the 40% interest in BRL held by Nonfemet is captured as non-controlling interest in the audited annual consolidated financial statements for the year ended December 31, 2018.

Early in 2018, the Company announced initial findings from the re-interpretation of existing seismic data at Ballinalack (the "Study"). The findings provide a new interpretation of the regional structure of Ballinalack, specifically in the vicinity of the aforementioned historical estimate. The findings suggest that, in addition to the Ballinalack fault (adjacent to the historical estimate and northwest dipping), a previously unrecognized, larger structure (the "New Fault") dips to the southeast, placing known Ballinalack mineralization in the footwall of a major structure, rather than the hanging wall. Given the best mineralization in Ireland is most commonly found in the hanging wall of major faults, the re-interpretation has potentially significant implications for further exploration at Ballinalack, especially southeast of the known mineralized zone (now the postulated hanging wall). Notably, the author of the Study, Dr. Alastair Beach, was a key contributor on the seismic interpretations that led to the recent discovery of the Tara Deeps at the Tara (Navan) Mine, 50 kilometres from Ballinalack.

The Company completed drilling at two locations at Ballinalack in the second quarter. The first hole, G11-1344-01, was diamond drilled to a depth of 625.1 metres, with an azimuth and dip of 145° and -65°, respectively. This hole was designed to directly and definitively test the orientation of the Ballinalack fault directly below the known mineralized zone and to test the presence of cross-faults. The Company's findings indicate that cross-faults may have a much more significant role in controlling mineralization than previously recognized. The hole was also the first inclined and oriented hole at the known mineralized zone, allowing for proper collection of structural data. This hole was also located proximal and parallel to the only seismic line through the historical estimate in order to provide geological and structural information to augment ongoing seismic interpretation.

The second hole, G11-1344-02, was diamond drilled to a depth of 389.1 metres, with an azimuth and dip of 170° and -50°, respectively. This hole was also inclined and oriented, allowing for proper collection of key structural information. This hole increased the Company's understanding of the structural complexity in this area and tested for mineralization in the Navan Beds below the Ballinalack Fault. The hole also intersected several zones of significant zinc, lead, and silver mineralization in a portion of the known mineralized zone, including 10.3 metres of 8.9% zinc and 1.7% lead (10.6% combined) and 52 g/t silver (true width is estimated at >90%).

Importantly, G11-1344-02 also intersected three new distinct zones of mineralization in the Navan

Beds (3.1 metres of 5.6% lead and 12 g/t silver, 0.5 metres of 22.3% lead and 48 g/t silver and 1.1m of 4.6% zinc and 0.8% lead (5.4% combined) and 12 g/t silver (true widths estimated at c.30%, respectively). These intercepts are new pierce points within Navan Bed 'Target 2' which is already drilled by five significantly mineralized historic holes widely-spaced over a length of approximately one kilometre.

On November 28, 2018 the Company announced an updated independent Mineral Resource Estimate ("MRE") for Ballinalack of 5.4 million tonnes grading 8.7% zinc and lead combined (7.6% zinc and 1.1% lead) in the Inferred Mineral Resource category (prepared in accordance with CIM guidelines). The MRE was prepared by CSA Global (UK) Ltd. under contract to SLR Consulting Ireland and was based on recent drilling by the Company, as well as, historic drilling from the 1970s onwards.

Mineralization is near-surface, occurring at depths ranging from 10 metres to 300 metres, and dips 15° to 20° to the north. The deposit shows reasonable continuity of mineralization and consists of sub-horizontal, strata-bound (5 to >30 metres thick) lenses of massive and semi-massive sphalerite and galena within the Waulsortian limestone. SLR and CSA Global comment that the deposit is open along and across strike and recommend additional step-out drilling to potentially augment the resource estimate. The study also states that the 'greenfields' exploration ground at the Ballinalack project has significant potential for further discovery.

#### Summary table of Mineral Resource at Ballinalack Zinc project, Ireland

Resource Category	Tonnes	Grades			Metal Content (lbs)		
	('000)	Zn (%)	Pb (%)	Zn+Pb (%)	Zn ('000)	Pb ('000)	Zn+Pb ('000)
Inferred	5,400	7.6	1.1	8.7	898,000	136,000	1,034,000

#### Notes:

- Classification of the MRE was completed based on the guidelines presented by Canadian Institute for Mining (CIM), adopted for Technical reports which adhere to the regulations defined in Canadian National Instrument 43-101 (NI 43-101).
- Inferred Mineral Resources are at 5.2% zinc equivalent cut-off grade.
- Zinc Equivalent (ZnEq%) = (NSRPb + NSRZn + NSRAg in Pb + NSRAg in Zn)\*100/(RZn\*PZn\* (PrZn-ScZn) - RZn\*PZn\*PrZn\*(RoyZn/100))
- ZnEq cut-off grade (calculated from Net Smelter Return) using the following parameters:
  - RZn: Metallurgical recovery of Zn, PZn: Zn price, ScZn: Selling cost for Zn, RoyZn: Royalty.
  - Mining recovery of 95%; Mining dilution of 10%
  - Mining cost of US\$60.00/t; Processing cost of US\$13.63/t
  - Treatment charges of US\$400/t of Zn concentrate and US\$270/t of Pb concentrate; Refining charges of US\$1.00/oz for Ag
  - Concentrate transport to smelter: US\$100/t of wet concentrate.
  - Processing recovery 92.7% Zn; 54.1% Pb; 82.6% Ag in Zn; 9.4% Ag in Pb.
  - Zinc price of US\$2,954/t; Lead price of US\$2,325/t; Silver price of US\$15.79/oz
  - Concentrate grade 64.4% Zn, 45% Pb, 98 g/t Ag in Zn, 104 g/t Ag in Pb; Concentrate moisture of 9%
  - Payable Zn 85%, Pb 93%, Ag in Zn 49%, Ag in Pb 51.9%, with selling cost Zn US\$1,259/t metal, Pb US\$1,026/t metal, Ag in Zn US\$6.73/t metal, and Ag in Pb US\$6.97/t metal.
  - Royalty of 4.5%.
- The Inferred Mineral Resource classification is based on geology, trends in mineralisation, drilling spacing, sampling QA/QC, estimation search pass number and number of samples, and zinc equivalent grade.
- Tonnages and metal are rounded to the nearest 100,000 to reflect this as an estimate.
- Assumed average in situ dry bulk density for mineralised material is 3.05 t/m<sup>3</sup>.
- Mineralisation wireframes were constructed using a minimum true thickness of 2.0 m, at 3% Zn+Pb natural cut-off.
- CSA Global is not aware of any known environmental, permitting, legal, title, taxation, socio-economic, marketing, political, or other relevant factors that could materially affect the MRE.

During the year ended December 31, 2018, the Company spent \$510,885 on Ballinalack, primarily on drilling, ionic leach, related assay work for each of these programs, preparation of the 2018 MRE and the re-interpretation of existing seismic and Tellus survey data.

### **Silvermines**

Silvermines is comprised of 21 PLs covering a total of 715 square kilometres. The Silvermines project is considered highly prospective for Irish Type zinc-lead deposits. The Cooleen prospect (e.g. 7.3 metres grading 16.0% zinc and lead in hole NX-11) has seen limited exploration activity over the past 20 years (the PLs were released from long-term moratorium in May 2015). The project is located adjacent to the historic Silvermines Zinc Mine which produced approximately 10.8 million tonnes grading 7.4% zinc and 2.7% lead between 1968 and 1982 (Boland et al, 1992). The Silvermines-Lisheen region is unique from a global perspective given that four past producing zinc mines (Galmoy, Lisheen, Tynagh and Silvermines) and four known zinc prospects (Rapla, Dearykearn, Crinkill and Cooleen) exist within a relatively short (30 kilometre) radius.

For the year ended December 31, 2018, the Company incurred \$125,630 in exploration expenditures at Silvermines on a structural study on the project and on completion of the basin study.

### **Tralee**

The Tralee project covers approximately 513 square kilometres and consists of seven PLs in the Kerry Head and Fenit areas and an additional eight PLs in the Castleisland area. The project area is underlain by two regional anticlines of Waulsortian (WL) limestone along the 'Navan-Silvermines' and 'Rathdowney' mineralized trends, respectively. Tralee hosts high-grade drill intercepts (up to 17% zinc and lead, 0.73% Cu and 185 g/t Ag over 1.5m) and a number of lead-silver, zinc and copper showings (including medieval mine workings). Significant historical drilling (approximately 14,000 metres) has been conducted on the property, though much of this was shallow (particularly at Kerry Head where drilling was completed to approximately 20 metre depths).

The Company views Tralee as one of the most overlooked parts of the 'Irish Orefield'. One of the key aims for Group Eleven is to determine if the Castlemaine prospect hosts significant zinc-lead (and silver) mineralization. A galena-rich grab sample from surface float at the Castlemaine prospect was recently assayed and returned 223 g/t Ag, 13.5% zinc and 17.9% lead, representing the highest silver grade observed to date on the Tralee project. This compares to a sphalerite-rich float sample collected by the Company at Castlemaine, which returned an assay of 50.5% zinc and 8.9 g/t silver. Both samples are believed to be derived from dumps from medieval workings in the area.

For the year ended December 31, 2018, the Company incurred expenditures of \$15,530 at Tralee, primarily for the maintenance of existing Prospecting Licenses.

### **Exploration Property Expenditures**

Exploration and evaluation expenditures incurred by the Company, excluding acquisition costs, have been expensed in the audited annual consolidated statements of loss and comprehensive loss, the details of which are as follows:

	<b>Year ended December 31, 2018</b>	<b>From Acquisition to December 31, 2018</b>
Stonepark Project	\$ 447,250	\$ 468,620
PG West Project	402,687	546,652
Ballinalack Project	510,885	584,589
Silvermines Project	125,630	400,936
Tralee Project	15,530	302,833
Ferbane and Kilkenny Projects	33	17,141
<b>Total Cumulative Expenditures</b>	<b>\$ 1,502,015</b>	<b>\$ 2,320,771</b>

## Results from Operations

The following is a summary of results from the Company's annual consolidated financial statements for the last three years:

Year ended December 31	2018	2017	2016
Loss and Comprehensive loss	\$ (3,678,117)	\$ (2,452,037)	\$ (774,860)
Basic and diluted loss per share	(0.06)	(0.07)	(0.05)
As at December 31	2018	2017	2016
Cash	\$ 1,936,921	\$ 5,050,079	\$ 1,702,726
Total Assets	11,030,358	14,194,667	1,731,198
Share capital	13,027,584	13,027,584	2,084,011
Deficit	(6,561,119)	(3,202,592)	(853,174)

For the year ended December 31, 2018, the loss and comprehensive loss was \$1,226,080 higher than the year ended December 31, 2017 primarily as a result of the following:

- Exploration expense increased \$885,309 (144%) from 2017 as a result of the following: (i) increased fieldwork costs (\$200,421 higher than 2017) arising from mineral resource estimation work on Stonepark and Ballinalack and as structural reinterpretation analysis on both Silvermines and the Limerick region; (ii) higher assay costs (\$231,695 higher than 2017) due to ionic leach testing and drilling activity; (iii) higher costs for personnel as well as external consultants (combined, \$116,297 higher than 2017); (iv) increased drilling costs (\$175,659 higher than 2017); and (v) increased costs for geophysical survey and interpretation work (\$143,965 higher than 2017) resulting from a gravity survey undertaken at Stonepark and the reinterpretation of seismic and Tellus survey data.
- Personnel costs (management fees and salaries) increased \$512,838 from 2017 due to increased salaries and additional personnel hired in 2018 to support expanded exploration activity, property maintenance, and public company compliance and investor relations activities.
- General and administrative costs were \$61,853 higher in 2018 compared with 2017 due to higher travel costs and increased public company compliance and regulatory costs.
- Marketing and investor relations costs increased \$525,988 from 2017 as the Company increased conference attendance, targeted investor meetings, and launched several marketing initiatives to increase investor information and awareness after completing the Offering in late 2017. This also reflects the listing activity related to the OTCQB and Frankfurt exchange, in conjunction with marketing activity around those listings.

These increases were offset by a \$519,233 decrease in professional fees as the Company undertook a number of transactions in 2017, including the initial public offering, compared to minimal activity in 2018, as well as, a \$246,515 decrease in share-based payments expense in 2018. The Company also earned \$34,154 of interest income (2017 - \$3,576) on cash and cash equivalent balances.

Cash decreased \$3,113,158 from 2017 due to the loss from operations (\$3,532,947), including changes in working capital, offset by the contribution of \$445,083 from Joint Venture partners during the year.

The following selected financial information is a summary of the eight most recently completed quarters up to December 31, 2018.

	Dec 31, 2018	Sept 30, 2018	June 30, 2018	Mar 31, 2018	Dec 31, 2017	Sept 30, 2017	June 30, 2017	Mar 31, 2017
Comprehensive Loss	\$1,171,069	\$ 873,208	\$ 902,361	\$ 731,479	\$ 768,884	\$ 744,815	\$ 584,420	\$ 353,918
Basic and Diluted Loss per Share	0.02	0.01	0.02	0.01	0.02	0.02	0.02	0.01



The Company and its business are relatively new, and the Company's expenses and cash requirements may fluctuate and lack some degree of comparability from period to period. The Company's quarterly results may be affected by many factors such as timing of exploration activity, share-based payment costs, marketing activities and other factors that affect Company's exploration and financing activities. Furthermore, the Company's expenses may also be affected by the strength of capital markets. The Company's primary source of funding is through the issuance of share capital and exploration activity is dependent on the availability of financing.

### ***Liquidity and Capital Resources***

The Company had cash of \$1,936,921 at December 31, 2018 compared to \$5,050,079 at December 31, 2017. The Company completed the initial public offering late in 2017, issuing 12,500,000 units at \$0.40 per unit, for total proceeds of \$5,000,000. During 2018, the proceeds have primarily been used to fund exploration efforts, personnel costs and marketing initiatives.

The Company has forecast its cash requirements for the next year and believes it has sufficient cash resources and liquidity to support the ongoing sustaining costs for the Company. However, in order to meet future property expenditure requirements and continue exploration activities at historic levels, the Company will need to raise additional funds. While the Company has been successful in doing so in the past, there can be no assurance that the Company will be able to do so in the future. If the Company is unable to raise sufficient capital to meet the property expenditure requirements and cover ongoing costs, the Company will look to defer or delay planned exploration expenditures. The Company also maintains the option to release PL's where required to conserve costs or focus on priority exploration areas.

Certain expenditures were required in 2018 in order to maintain existing license holdings at Ballinalack, Stonepark, and PG West based on two-year minimum spending requirements. For 2018, these were approximately \$470,000, \$430,000, and \$400,000, respectively, not reflecting the relevant amounts that would be recovered from the joint venture partners for Ballinalack and Stonepark (approximately \$188,000 and \$100,000, respectively). During the year ended December 31, 2018, the Company incurred exploration costs of \$510,885, \$447,250, and \$402,687, satisfying the minimum spending requirements for Ballinalack, Stonepark, and PG West, respectively. For 2019, the Company has spending requirements for Ballinalack, Silvermines, Tralee and PG West of €500,000, €82,500, €75,000, and €10,000, respectively. The spending requirements for Silvermines, which were due by March 12, 2019, have been satisfied with work completed to date. The remaining requirements are due over the third and fourth quarters of 2019.

### ***Financial Instruments***

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

#### *Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. As at December 31, 2018 the Company had working capital of \$1,549,512 (December 31, 2017 - \$4,644,747). Management believes that the Company has sufficient financial resources to sustain minimum operating requirements however will need to raise additional funds to meet future expenditure requirements.

#### *Interest Rate Risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is currently not exposed to any interest rate risk as cash is held in a non-interest bearing account and the Company does not hold any interest bearing liabilities.

### *Foreign Exchange Risk*

The Company's functional currency is the Canadian dollar. There is a foreign exchange risk to the Company as its exploration and evaluation property interests and resulting future commitments are located in Ireland. The Euro translation rate has experienced volatility over the last several years as a result of monetary policies adopted by the European Central Bank. Management monitors its foreign currency balances and makes adjustments based on anticipated need for currencies. The Company has a policy of not engaging in hedging activities to address this foreign currency risk. At December 31, 2018, the Company had Euro denominated current assets of €900,360. At December 31, 2018, the Company had Euro denominated current liabilities of €224,408. Accordingly, a 10% change in the foreign exchange rate would result in a \$105,536 credit or charge to operations.

### *Commodity Price Risk*

While the value of the Company's exploration and evaluation assets is related to the price of zinc and other minerals, the Company currently does not have any operating mines and hence does not have any hedging or other commodity-based risks with respect to its operational activities. Zinc and other mineral prices have historically fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, the perception of market participants about the price and future price prospects for zinc, changes in manufacturing and construction activity as well as other industrial demands, levels of worldwide production, and forward sales by producers and speculators.

### **Subsequent Events**

On April 3, 2019, the Company closed the first tranche of a non-brokered private placement, issuing 3,348,965 units ("Units") at a subscription price of \$0.12 per Unit, for total proceeds of \$401,876. Each Unit consists of one common share and one half non-transferrable common share purchase warrant. Each warrant will entitle the holder thereof to purchase one additional common share in the capital of the Company at \$0.24 per share for two years from the date of issue.

### **Contractual Obligations**

The Company does not have any contractual obligations as at December 31, 2018.

### **Off-Balance Sheet Arrangements**

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

### **Related Party Transactions**

The key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Their remuneration includes the following:

		<b>December 31,</b>	
	<b>Position</b>	<b>2018</b>	<b>2017</b>
Salaries and benefits paid or accrued to:			
Bart Jaworski (Note 1)	CEO, Director	\$ 211,168	\$ 97,039
David Furlong (Note 2)	COO	170,311	6,996
Shaun Heinrichs (Note 3)	CFO	132,000	74,000
Spiros Cacos (Note 4)	VP Investor Relations	81,250	–
Rebecca Furlong (Note 5)	Geologist	49,764	50,491
Management fees paid or accrued to:			
David Furlong (Note 2)	COO	–	90,168
John Barry (Note 6)	VP Exploration	114,153	92,022
Professional fees paid or accrued to:			
Andrew Farncomb (Note 7)	Director	–	68,370
Sheryl Dhillon (Note 8)	Corporate Secretary	21,000	–
Share-based payments paid to:			
Andrew Farncomb	Director	–	7,185
Bart Jaworski	CEO, Director	27,333	–
David Furlong	COO	17,083	–
John Barry	VP Exploration	8,542	–
Shaun Heinrichs	CFO	17,083	16,114
Spiros Cacos	VP Investor Relations	11,928	–
Rebecca Furlong	Geologist	4,148	–
Acquisition advisory fees accrued to Andrew Farncomb (Note 9)	Director	–	150,000
Financing advisory fees accrued to Andrew Farncomb (Note 9)	Director	–	150,000

Note 1: Compensation paid to Bart Jaworski for the year ended December 31, 2018 and 2017 has been reported as salaries and benefits.

Note 2: Compensation paid to David Furlong for the year ended December 31, 2018 and 2017 has been reported as salaries and benefits (2018 - \$95,478; 2017 - \$6,996), management fees (2018 - nil; 2017 - \$50,922), or exploration expense (2018 - \$74,833; 2017 - \$39,366).

Note 3: Compensation paid to Shaun Heinrichs for the year ended December 31, 2018 and 2017 has been reported as salaries and benefits and management fees, respectively.

Note 4: Compensation paid to Spiros Cacos for the year ended December 31, 2018 has been reported as salaries and benefits.

Note 5: Compensation paid to Rebecca Furlong for the year ended December 31, 2018 and 2017 has been reported as salaries and benefits (2018 - \$9,446; 2017 - \$13,780) or exploration expense (2018 - \$40,318; 2017 - \$36,711). Rebeca Furlong ceased being an insider of the Company on December 21, 2018.

Note 6: Compensation paid to John Barry for the year ended December 31, 2018 and 2017 has been reported as management fees.

Note 7: The professional fees paid to Andrew Farncomb or a company controlled by him are reported as professional fees. Andrew Farncomb ceased being an insider of the Company on October 6, 2017.

Note 8: The professional fees paid to Sheryl Dhillon are reported as professional fees.

Note 9: The fees related to acquisition advisory fees have been capitalized as transaction costs for the acquisition of BRL. The fees related to financing advisory services have been reported as share issuance costs. Both arise from the issuance of 1,000,000 shares (valued at \$300,000) pursuant to an advisory agreement previously noted under Contractual Obligations.

## Outlook

For 2019 the Company continues to focus on a two-pronged parallel approach: (a) 'Big Think' exploration, which relies on a regional-scale reinterpretation of Irish zinc geology combined with cutting-edge exploration methods and an open-minded philosophical approach (i.e. relying on as

few pre-conceived ideas as possible, while generating new concepts from the ground up) and (b) drill testing high-specificity targets at Ballinalack, Stonepark, Silvermines and other properties.

Specifically, the Company looks forward to focusing on the following, over the next 12 months:

- Completion of 'Big Think' drilling at Stonepark and PG West in Q2 2019,
- Commencement of exploration drilling at Ballinalack in Q2 2019 (testing for Navan-bed hosted mineralization beneath the existing deposit),
- Receiving and incorporating data from the Tellus airborne geophysical survey over Stonepark/PG West and Silvermines, and
- Starting exploration drilling at Stonepark in Q4 2019, based on preliminary drilling and Tellus data.

At the beginning of 2018, the Company prepared an exploration budget of \$2.0 million (less \$0.5 million of recoveries from joint venture partners) and an additional \$1.4 million of corporate costs. Some of this work, specifically the work planned for the Limerick region, was delayed and carried over into 2019, resulting in only \$1.5 million of expenditures in 2018. For 2019, the Company intends to spend a similar amount; however, final plans for the latter half of 2019 will depend on results from work completed in 2018 and early 2019 and available funding. In 2018 exploration spending focused on Ballinalack (34%) and the Limerick region, Stonepark (30%) and PG West (27%). In 2019 there will continue to be a focus at Ballinalack (50%) and Limerick (31%), with the remainder spent relatively evenly between Silvermines (10%) and Tralee (9%). Should additional funds become available, the Company will look to increase planned exploration in target areas within the primary properties.

The current drilling program in the Limerick region is designed to complement and advance the ongoing 'Big Think' exploration strategy. This information, providing important 3D geological information, and existing geological data will be combined with the currently ongoing Tellus airborne survey, consisting of a 24,700 line-km survey collecting Magnetics, EM and Radiometrics data, to produce high-priority drill targets for this year's 'Big Drill' program. The focus of the 'Big Drill' will be to identify and follow large regional feeder structures towards a potential new zinc discovery.

### **Critical Accounting Estimates**

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

### **Share-based Payments**

The Company provides compensation benefits to its employees, directors, officers and consultants through a share-based compensation plan. All share-based awards are measured and recognized based on the grant date fair value. Fair value is determined using the Black Scholes option pricing model. As the Company does not have a material trading history, the volatility was determined based on the junior gold miners index (GDXJ). The Company utilizes historical data to estimate the expected option term for input into the valuation model. The risk-free rate for the expected term of the applicable option is based on the risk-free lending rate for the Bank of Canada.

## **Significant and Recently Adopted Accounting Policies**

The Company's significant account policies are described in Note 2 of the audited annual consolidated financial statements for year ended December 31, 2018.

Effective January 1, 2018, the Company adopted IFRS 9 *Financial Instruments* ("IFRS 9"). IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 *Financial Instruments: Recognition and Measurement*.

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The standard introduces additional changes relating to financial liabilities. It also amends the impairment model by introducing a new 'expected credit loss' model for calculating impairment.

IFRS 9 also includes a new general hedge accounting standard which aligns hedge accounting more closely with risk management. This new standard does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness; however, it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship. Special transitional requirements have been set for the application of the new general hedging model.

The adoption of IFRS 9 did not have a material impact on the Company's financial statements.

## **Disclosure Controls and Procedures**

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

## **Outstanding Share Data**

As at April 26, 2019, there were 63,126,442 common shares outstanding and warrants outstanding to purchase an aggregate of 7,147,803 common shares. MAG Silver holds 4,632,950 warrants or approximately 15% of the Company's outstanding common shares. Directors, consultants and employees of the Company hold 3,390,000 stock options.

## **Risks and Uncertainties**

### **Exploration and Development of Mineral Resource Properties**

The mineral exploration business is inherently risky, and most exploration projects will not become mines. Commercial development of any Group Eleven property will occur only if sufficient quantities of minerals at sufficient average grades are discovered and can be economically produced. If a mineral discovery is made, substantial financial resources will be required to establish ore reserves, develop processes to extract metal from the ore and develop mining and processing facilities at a given site.

### **Calculation of Reserves, Resources and Metal Recoveries**

There is a degree of uncertainty attributable to the calculation and estimates of reserves and resources and the corresponding metal grades to be mined and recovered. Until reserves or resources are actually mined and processed, the quantities of mineralization and metal grades must be considered as estimates only. Any material change in the quantity of mineral reserves, mineral

resources, grades and recoveries may affect the economic viability of the Company's properties. To date, the Company has not established reserves on any of its mineral properties.

### **Title to Assets**

Although the Company has received title opinions for certain properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. The Company's claims may be subject to prior unregistered agreements or transfers and title may be affected by unidentified or unknown defects. The Company has conducted as thorough an investigation as possible on the title of properties that it has acquired to confirm that there are no other claims or agreements that could affect its title to the concessions or claims. If title to the Company's properties is disputed it may result in the Company paying substantial costs to settle the dispute or clear title and could result in the loss of the property, which events may affect the economic viability of the Company.

### **Uncertainty of Funding**

The ability of Group Eleven to continue as a going concern depends upon its ability to develop profitable operations and to continue to raise adequate financing. Group Eleven's principal source of financing currently is through the issuance of common shares or possibly entering into option and joint venture agreements. Sufficient funding for future exploration and development of its properties may not be available when and as required. Failure to obtain financing on a timely basis could cause the Company to forfeit all or parts of its interests in mineral properties or reduce or terminate its operations.

### **Zinc Price Fluctuations**

The ability of the Company to raise funds to continue exploration of the mineral properties in which it has an interest will be significantly affected by changes in the market price for zinc. Prices for base metals fluctuate on a daily basis, have historically been subject to wide fluctuations and are affected by numerous factors beyond the control of the Company such as demand growth from China and the rest of the world, world mine supply dynamics, currency fluctuations, interest rate changes, capital availability, speculative activities, and political developments. The effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not being able to continue its planned exploration programs. Declining market prices for these metals could materially adversely affect the Company's operations and financial condition.

### **Government Regulation**

Although Ireland has a favorable legal and fiscal regime for exploration and mining, including a relatively simple system for the acquisition of mineral titles and relatively low tax burden, possible future government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted. Before production can commence on any properties, the Company must obtain regulatory and environmental approvals. There is no assurance that such approvals can be obtained on a timely basis or at all. The cost of compliance, with changes in governmental regulations, has the potential to reduce the profitability of operations. The Company is currently in compliance with all material regulations applicable to its exploration activities.

### **Competitive Conditions**

The profitability of any prospect is dictated by the market for minerals, which is influenced by many factors including changing production costs, supply and demand, inflation, and the political environment. The Company's success is also dependent on the knowledge and expertise of its management and employees and their ability to identify and advance attractive exploration projects and targets. The competition for highly qualified personnel is strong and there is no

guarantee that the Company will be able to retain or attract such personnel.

### ***Forward Looking Information***

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

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