

DALRADIAN RESOURCES

Management's Discussion and Analysis

For the three and six months ended June 30, 2018

August 7, 2018

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Caution Regarding Forward-Looking Information

This MD&A (as defined herein) contains “forward looking information” which may include, but is not limited to, statements with respect to management’s assessment of the benefits to shareholders of the proposed Transaction (as defined below), anticipated shareholder meeting date, timing for completion of the Transaction and delisting from both the TSX (as defined below) and AIM (as defined below), the timing and review process in connection with the Planning Application and PLI (as defined herein), the future financial or operating performance of the Company (as defined herein) its subsidiaries and its mineral project, the future price of metals, test work and confirming results from work performed to date, the estimation of mineral resources and mineral reserves, the realization of mineral resource and mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital, operating and exploration expenditures, costs and timing of the development of new deposits, costs and timing of future exploration, requirements for additional capital, government regulation of mining operations, environmental risks, reclamation expenses, title disputes or claims, limitations of insurance coverage, the timing and possible outcome of pending regulatory matters and the realization of the expected production, economics and mine life of the Curraghinalt gold deposit. Often, but not always, forward looking statements can be identified by the use of words and phrases such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes” or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved.

Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made and are based on various assumptions that management believes are reasonable, which may include but are not limited to, the receipt of all shareholder, court and regulatory approvals, no undue delays with respect to the Transaction, effects of general economic conditions, changing foreign exchange rates and actions by government authorities, including the outcome of any judicial review, the continued political stability in Northern Ireland, that the timing and review process in connection with the Planning Application and PLI remaining in line with expectations, that permits required for the Company’s operations will be obtained on a timely basis in order to permit Dalradian (as defined herein) to proceed on schedule with its planned exploration and mine development, construction and production programs, that skilled personnel and contractors will be available as Dalradian’s operations commence and continue to grow towards production and mining operations, that the price of gold will be at levels that render Dalradian’s mineral project economic, that the Company will be able to continue raising the necessary capital to finance its operations and realize on mineral resource and mineral reserve estimates and current mine plans, that the assumptions contained in the Company’s Technical Report (as defined herein) are accurate and complete and that a permitting application for mine construction will be approved.

Forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Dalradian to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, the risk that the required Dalradian shareholder approval or necessary court or regulatory approvals may not be obtained in connection with the Transaction, uncertainties associated with negotiations, misjudgments in the course of preparing forward-looking information, the Transaction may not close when planned or at all or on the terms and conditions set forth in the Arrangement Agreement (as defined below), the benefits expected from the Transaction not being realized, risks related to the integration of acquisitions, general business, economic, competitive, political and social uncertainties; the actual results of current and future exploration activities; the actual results of reclamation activities; conclusions of economic evaluations; meeting various expected cost estimates; changes in project parameters and/or economic assessments as plans continue to be refined; future prices of metals; possible variations of mineral grade or recovery rates; the risk that actual costs may exceed estimated costs; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; political instability; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, as well as those factors discussed in the section entitled “Risk Factors” in this MD&A. Although the Company 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 to differ from those anticipated, estimated or intended. Forward looking statements contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results, except as may be required by applicable securities laws. 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.

HIGHLIGHTS

Table 1: Highlights of Q2 2018 and Subsequent Period	
May 1, 2018	Drilling at Curraghinalt intersects 1.54 metres at 61.49 g/t gold
May 10, 2018	46% increase in Measured & Indicated gold ounces and a 32% increase in Inferred gold ounces in new Mineral Resource Statement
June 21, 2018	Recommended Cash Offer by Orion Mine Finance to Acquire Dalradian Resources Inc.
June 22, 2018	NI 43-101 technical report filed for the updated mineral resource statement for the Curraghinalt gold deposit
June 22, 2018	All resolutions passed and director nominees elected at 2018 meeting of shareholders
August 3, 2018	Interim order received; shareholder meeting date set for August 31, 2018

NOTES

All references to the “Company” or “Dalradian” refer to Dalradian Resources Inc., including its subsidiaries, unless the context requires otherwise.

This management’s discussion and analysis (“MD&A”) should be read in conjunction with the Company’s unaudited interim condensed consolidated financial statements and related notes for the three and six months ended June 30, 2018 and June 30, 2017 (the “Consolidated Financial Statements”), and the audited consolidated financial statements and related notes for the years ended December 31, 2017 and December 31, 2016, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. This MD&A should also be read in conjunction with the Company’s Annual Information Form (“AIF”) for the year ended December 31, 2017, dated March 15, 2018, which is available on SEDAR at www.sedar.com and with the annual MD&A for the year ended December 31, 2017.

Eric Tremblay, P.Eng., Chief Operating Officer, and Greg Hope, MAIG, Vice President Exploration, with Dalradian are the qualified persons, as defined under the guidelines of National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (“NI 43-101”) of the Canadian Securities Administrators, and have reviewed and approved the technical information contained in this MD&A.

For additional details on the Curraghinalt high-grade gold deposit (“Curraghinalt”), please refer to the Company’s technical report titled “Technical Report for the Curraghinalt Gold Project, Northern Ireland” (the “Technical Report”), dated June 22, 2018 and prepared by Dr. Oy Leuangthong, PhD, PEng (PEO#90563867), Dominic Chartier, PGeo (OGQ#874, APGO#2775) and David Machuca, PhD, PEng (PEO#100508889), all full-time employees of SRK Consulting (Canada) Inc., and Stacy Fredigmann, PEng (APEGBC #33972) of Canenco Consulting Corp (Canenco), all of whom are independent Qualified Persons as defined by NI 43-101. The Technical Report is available on the Company’s website and on SEDAR at www.sedar.com.

All amounts are in Canadian dollars unless otherwise noted.

This MD&A is dated August 7, 2018.

The Company is developing the Curraghinalt gold deposit while continuing to explore for other mineral deposits at its properties in Northern Ireland. The Company is subject to a number of risks and uncertainties that are not discussed in this MD&A. To properly understand such risks, readers are directed to the section entitled “Risk Factors” in the AIF which are incorporated by reference into this MD&A.

PROPOSED TRANSACTION

On June 21, 2018, Dalradian and Orion Mine Finance announced that the Company and certain affiliates of Orion Mine Finance (collectively, "Orion") entered into a definitive arrangement agreement (the "Arrangement Agreement"), whereby Orion has agreed to acquire all of the issued and outstanding common shares of the Company ("Dalradian Shares") by way of a statutory plan of arrangement under the *Business Corporations Act* (Ontario) (the "Transaction"). Under the terms of the Arrangement Agreement, the Dalradian Shares held by certain members of the Dalradian senior management team, Sean Roosen and Osisko Gold Royalties Ltd (collectively, the "Remaining Shareholders") will not be acquired by Orion. Completion of the Transaction is subject to shareholder, court, regulatory and other approvals. The special meeting of Dalradian shareholders to consider the Transaction has been scheduled for August 31, 2018. The effect of Dalradian shareholders voting for the resolution to approve the plan of arrangement and it becoming effective will be the cancellation of the Dalradian Shares from trading on the Toronto Stock Exchange ("TSX") and AIM Market of the London Stock Exchange ("AIM") following closing of the Transaction. The Transaction is expected to close in the third quarter of 2018. More details on the Transaction can be found in the press releases of June 21, 2018 and August 3, 2018. The notice of meeting and information circular in respect of the Transaction will be mailed to the Dalradian shareholders of record and will also be available on Dalradian's profile on SEDAR (www.sedar.com) and Dalradian's website (www.dalradian.com/investor-centre/Shareholder-Meetings).

Q2 2018 OPERATIONAL SUMMARY

During the second quarter of 2018 and subsequent period, progress was achieved in:

- Continuation of public and statutory consultation processes for the permitting application to build a mine at the Curraghinalt deposit (the "Planning Application");
- Completion of an updated NI 43-101 Mineral Resource Estimate ("Mineral Resource") that delivered expansion of the overall contained gold ounces in the Curraghinalt deposit and a 46% increase in gold ounces in the Measured and Indicated categories;
- Continued progression of the technical work program for an updated feasibility study ("FS"), including an optimized geotechnical model reinforced by more drilling data, ore sorting variability testing for the ten main veins of the deposit, updates to the mine design based on the expanded Measured and Indicated resources within the updated Mineral Resource, and enhancements to the processing flowsheet;
- Drilling to date in 2018 includes the completion of approximately 4,960 metres in 17 holes to test potential extensions of the Curraghinalt deposit and the completion of approximately 3,400 metres in 17 holes to test two regional gold in soil anomalies.

GOING FORWARD

Taking Curraghinalt to production is the Company's primary goal and is being advanced in 2018 through drilling, engineering and geological studies, and environmental and permitting activities. The Company expects to release an updated feasibility study by the end of 2018. In addition, Dalradian will also continue to explore its large land package to delineate targets for drilling. Permitting activities includes preparation and submission of applications for ancillary permits and consents and continued stakeholder engagement to support the Planning Application.

The overall budget for 2018 is approximately \$49 million for operational activities in Northern Ireland and Canada, including general and administrative costs. The two major items that represent approximately 50% of the operational budget are exploration and permitting, with planned expenditures roughly similar for the two areas. Mine design and engineering work to produce an updated feasibility study is the third-largest component at approximately 10% of the overall budget. Operational and general and administrative spending during the three months ended June 30, 2018 totalled approximately \$9 million and \$18 million

during the six months ended June 30, 2018. Spending in the first half of the year is below budgeted levels and an updated forecast is planned during Q3 2018.

Working capital (see Non-IFRS measures below) at June 30, 2018 was \$114 million compared to \$132 million at December 31, 2017. This financial strength supports 2018 plans to continue exploration and development planning, while simultaneously moving Curraghinalt through the permitting process.

DESCRIPTION OF BUSINESS

Incorporated on March 27, 2009, pursuant to the provisions of the *Business Corporations Act* (Ontario), Dalradian is involved in the acquisition, exploration, evaluation and development of mineral properties in Northern Ireland. The Company is listed on the TSX under the stock symbol "DNA" and the AIM under the symbol "DALR". If the Transaction receives all required approvals, trading of the Company's shares on the TSX and AIM will be cancelled following closing of the Transaction. The Company's registered office is in Toronto, while operations are focused on Dalradian's Curraghinalt gold deposit in Northern Ireland.

The Company, through its wholly-owned subsidiary, Dalradian Gold Limited ("DGL"), holds a 100% interest in option agreements and prospecting licences, subject to a royalty as described below, covering approximately 74,000 hectares, consisting of four areas (DG1, DG2, DG5 and DG6) located in counties Tyrone and Londonderry, Northern Ireland, United Kingdom. Also in counties Tyrone and Londonderry, the Company holds a 100% interest in option agreements, subject to a royalty as described below, covering approximately 48,000 hectares, consisting of two contiguous areas (DG3 and DG4) and has pending applications for renewal of prospecting licenses for the same two areas (see below). This approximately 122,000-hectare area is collectively known as the "Northern Ireland Properties" (location is shown on Figure 1 below). There are two elements comprising this interest for each of the six licence areas:

- the option agreements for mining leases entered into with the Crown Estate Commissioners ("CEC") for gold and silver (the "CEC Mining Lease Option Agreements"); and
- the prospecting licences entered into with the Department for the Economy ("DfE", formerly known as the Department of Enterprise, Trade and Investment) for base metals (the "DfE Prospecting Licences").

On March 11, 2016, DGL finalized renewals of DG1-DG4 CEC Mining Lease Option Agreements, using a new standard form of CEC agreement, each with a commencement date of January 1, 2016 and an initial expiry date of December 31, 2021. On March 11, 2016, DGL also entered into initial CEC Mining Lease Option Agreements for DG5 and DG6 with a commencement date of January 1, 2016 and expiry date of December 31, 2021. The CEC Mining Lease Option Agreements have a six-year term, with an option to extend the term for up to an additional four years. An extension will only be granted if there is satisfactory evidence that DGL has made significant progress towards obtaining and/or has submitted an application for the requisite planning permission for the exploration and mining of gold and silver (and including access to and from the surface land) within the mining area (the "Planning Permission"). Pursuant to the terms of the CEC Mining Lease Option Agreements, DGL can exercise its option and require the CEC to grant a mining lease (in a form as agreed and appended to the CEC Mining Lease Option Agreements) (the "Mining Lease") over the relevant part of the licence area, provided that either of the following have been obtained: (i) the grant of a Planning Permission or (ii) confirmation by the Department for Infrastructure that it intends to grant Planning Permission subject only to the finalization of planning obligations or conditions or the execution of a planning agreement. The Mining Lease, will, among other things, set out the terms, conditions, obligations and certain rent and royalty payments to be made in connection with DGL's right to discover, extract and sell gold and silver from the relevant areas.

The DfE Prospecting Licences for DG1 and DG2 were issued in 2013 and are currently in their second two-year extension term which runs from January 1, 2018 to December 31, 2019. The DfE Prospecting Licences for DG3 and DG4 completed their second two-year extension term on April 23, 2017 and the Company's applications for new Prospecting Licences on those areas are being processed by DfE. Although the

Company has received renewals of these licences in the past, there is no guarantee that the Company will receive them in the future. On June 23, 2016, DGL was granted DfE Prospecting Licences for DG5 and DG6 with a commencement date of June 1, 2016 and expiry date of May 31, 2022. A DfE Prospecting Licence cannot be extended beyond six years (equivalent to three two-year licences) from the date of grant; however, at the end of the second two-year extension, DGL may apply for a new DfE Prospecting Licence over the same area. Applications for new DfE Prospecting Licences will be required for DG1 and DG2 in late 2019 and for DG5 and DG6 in early 2022.

As provided in the CEC Mining Lease Option Agreements, a 4% royalty will be payable to the CEC upon production of gold and/or silver from the Northern Ireland Properties.

On August 30, 2017, Dalradian concluded the acquisition of the 2% net smelter return royalty on a portion of the Northern Ireland properties (as defined in a royalty agreement, dated December 13, 2004) including the Curraghinalt gold deposit (the “Royalty”) from Minco plc under Rule 2.5 of the Irish Takeover Panel Act, Takeover Rules 2013 (the “Royalty Transaction”). On April 23, 2018, DGL and the Company terminated the royalty agreement.

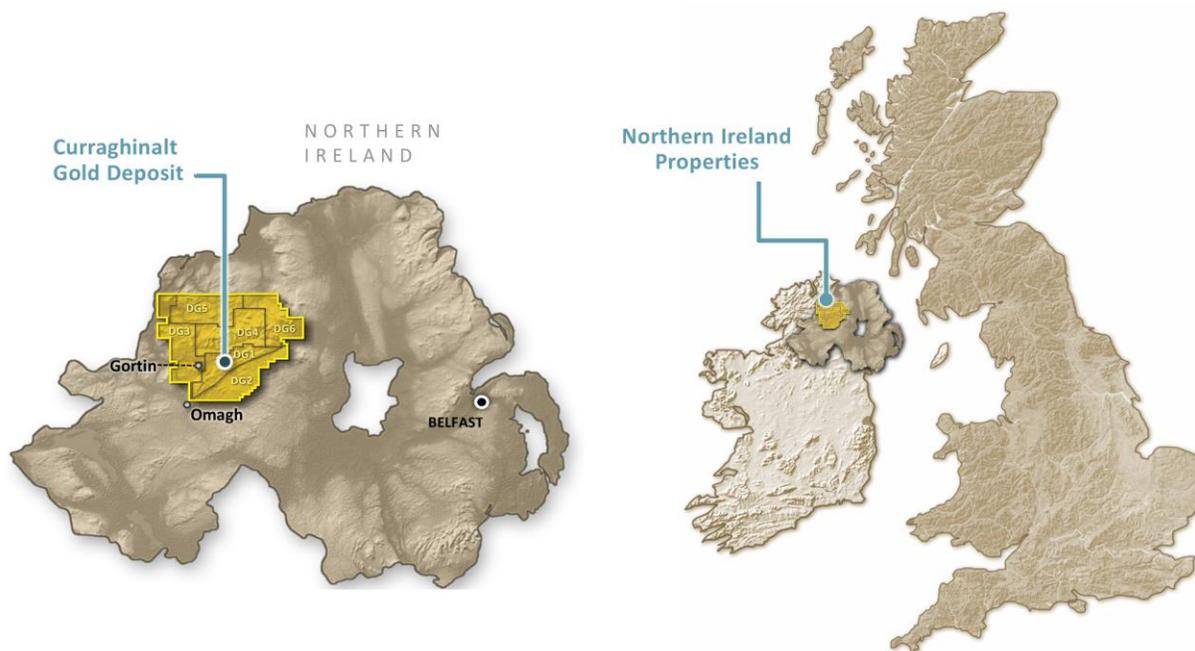
Within the Northern Ireland Properties, the Company’s main focus is on Curraghinalt. The Company submitted a Planning Application to DfI in November 2017 to build a mine. See “Northern Ireland Properties – Curraghinalt Gold Deposit”, below.

NORTHERN IRELAND PROPERTIES

Overview

Central to DGL’s Northern Ireland Properties is the Curraghinalt deposit, an orogenic gold system consisting of a series of structurally controlled, high-grade gold bearing quartz-carbonate veins. Dalradian’s work during the first six months of 2018 focused primarily on the deposit, including step-out, infill and geotechnical drilling, geological and engineering studies, community relations and permitting activities.

Figure 1: Location of Curraghinalt within the Northern Ireland Properties



Curraghinalt Gold Deposit – Mineral Resources

On May 10, 2018, the Company announced an updated Mineral Resource, including a 46% increase in gold ounces contained in the Measured and Indicated (“M&I”) categories and a 32% increase in Inferred gold ounces compared to the 2016 resource. This updated Mineral Resource, along with an improved geotechnical study and ore sorting testwork, will support an updated feasibility study including updated mineral reserves, which is expected to be delivered by the end of 2018.

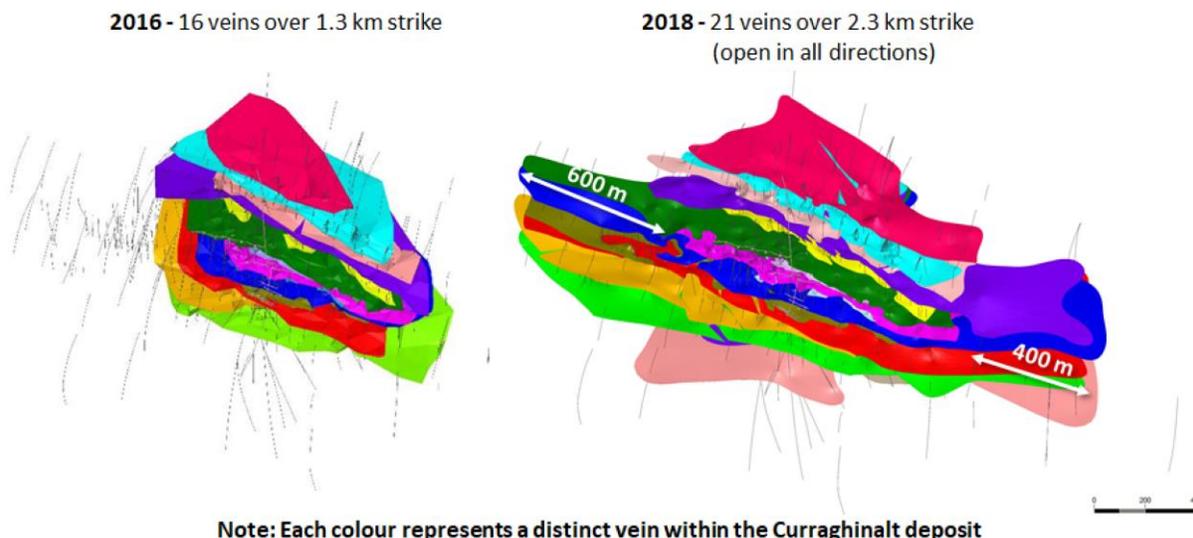
The mineral resources by category are summarized in the table below:

Table 2: Mineral Resource Statement, Curraghinalt Gold Project, Northern Ireland, SRK Consulting (Canada) Inc., May 10th, 2018			
Resource Category (Cut-off Grade of 5.0 g/t)	Million Tonnes	Grade (g/t Au)	Contained Gold (ounces)
Measured	0.04	26.04	33,000
Indicated	6.31	14.95	3,033,000
Measured + Indicated	6.35	15.02	3,066,000
Inferred	7.72	12.24	3,038,000
1.	Mineral Resource Statement prepared by SRK Consulting (Canada) Inc. in accordance with NI 43-101 with an effective date of May 10, 2018.		
2.	Mineral Resources are not Mineral Reserves and have not demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, marketing, or other relevant issues. The Mineral Resources have been classified according to the CIM Definition Standards for Mineral Resources and Mineral Reserves (May 2014).		
3.	All figures have been rounded to reflect the relative accuracy of the estimates.		
4.	The mineral resources are reported at a cut-off grade of 5.0 g/t gold, based on a gold price of US\$1,200 per ounce and 95% gold recovery.		

The Curraghinalt gold deposit is an orogenic gold system consisting of a series of moderately to steeply dipping, structurally controlled, high-grade gold bearing quartz-carbonate veins over a 2.3 kilometre strike length. The deposit remains open in all directions. The Mineral Resource incorporates additional information from 145 drill holes (46,487 metres), as well as 110 underground channel samples, 57 face samples and 14 sludge samples from new and existing drifts along the T17, 106-16, V-75, Slap Shot and No. 1 Vein Zones. The Measured mineral resources are higher grade than the Indicated, which is higher grade than the Inferred mineral resources. The infill drilling was successful in increasing the geological confidence of the mineral resources, with Measured and Indicated mineral resources increasing from 2.1 million ounces to 3.1 million ounces. The strike length of the deposit was increased by 1 kilometre to 2.3 kilometres (see Figure 2 below).

The Mineral Resource model does not consider the C-veins, unless within modelled D-vein intervals, or any other potential gold contribution from surrounding materials. Vein wireframes were modelled on the extents of logged D veins, and snapped to assays irrespective of gold grades. The re-interpretation of the vein wireframes directly from assays, and not 0.5-metre composites, has resulted in an increase in the average grade of each vein with a reduction in vein thickness. Modeled vein wireframes delineate in-situ gold grade and do not consider a minimum mining width or likely planned mining dilution, which will likely be considered during the conversion of mineral resources to mineral reserves. The wireframe model includes 21 veins, with 5 new veins (Slap Shot Splay 1, Raven, Harp, Finn and Foyle). Only 3 of the 5 new veins contribute ounces to the Mineral Resource because there is insufficient data on two of the veins (Finn and Foyle) to reliably estimate grade within them. Additional drilling in the area of the new veins is expected to improve delineation and potentially add more ounces. Additional details on the Mineral Resource can be found in the press release of May 10, 2018.

Figure 2: Comparison of vein wireframe models at Curraghinalt (2016 to 2018)



Curraghinalt Gold Deposit – 2017 and 2018 Work Programs

The 2017 work program was aimed at further enhancing the economics of the Curraghinalt gold deposit. The program included infill, step-out and geotechnical drilling, geotechnical studies and ore-sorting tests. Certain aspects of the work program were completed during Q1 2018. The Company incorporated results from the 2017 work program into the Mineral Resource released on May 10, 2018, which identified 5 new veins and increased the strike length of the deposit by 1 kilometre for a total of 2.3 kilometres. The Measured and Indicated resources from the Mineral Resource were increased by 46% from the 2016 mineral resource and will form the basis for the new expanded mine design in the updated feasibility study expected to be released by the end of 2018.

The main objectives of the drill program, totalling approximately 40,000 metres, were to (i) augment total resource ounces; (ii) increase the grade in the areas of infill drilling; and (iii) provide data to support geotechnical studies. In total, 29,026 metres of infill drilling were completed in 76 holes, primarily in support of objectives ii and iii above. Step-out drilling beyond the existing resource envelope in support of the first objective above totalled 14,500 metres in 36 holes. Performance against the objectives was (i) an increase of 46% in M&I resource ounces and 32% in Inferred resource ounces; (ii) average grade of the M&I resources increased from 11.61 g/t to 15.02 g/t between the 2016 and 2018 mineral resource estimates and the average Inferred resource grade increased from 10.06 g/t to 12.24 g/t between the 2016 and 2018 mineral resource estimate; and (iii) sufficient geotechnical data was received to build a more detailed and accurate geotechnical model, which supported the Mineral Resource and will make a substantial contribution to the feasibility study update expected to be released by the end of 2018.

On May 1, 2018, the Company reported results of 13 step-out drill holes and 30 infill drill holes for a total of 16,775 metres of drilling. Highlights included:

- Step out: 0.46 metres of 42.90 g/t gold from the V75 vein in hole 17-CT-462
- Step-out: 0.26 metres of 30.30 g/t gold from the 106-16 vein in hole 17-CT-464
- Infill: 1.54 metres of 61.49 g/t gold from the Mullan vein in hole 17-CT-472
- Infill: 0.87 metres of 50.96 g/t gold from the No.1 vein in hole 17-CT-482a
- Infill: 0.26 metres of 150.50 g/t gold from the T17 vein in hole 17-CT-485
- Infill: 0.27 metres of 154.00 g/t gold from the V55 vein in hole 17-CT-486
- Infill: 1.01 metres of 54.89 g/t gold from the Crow vein in hole 18-CT-491a

- Infill: 0.54 metres of 65.49 g/t gold from the Mullan vein in hole 17-CT-493
- Infill: 0.43 metres of 61.10 g/t gold from the V55 vein in hole 17-CT-493

A portion of the underground drilling was in support of geotechnical studies that began during Q1 2017, targeting areas of the deposit that were originally classified as having poor ground conditions but which management believes could be reclassified as having good ground conditions with more data. Analysis of the new data from 2017 drilling allowed completion of the majority of the geotechnical studies during Q2 2018. The reclassification is expected to allow more of the deposit to be mined using lower-cost long-hole methods.

Results from larger scale ore-sorting tests were reported during Q3 2017, demonstrating the potential for this technology to reduce costs and increase the grade of material being sent to the process plant. Further investigation is ongoing.

Expenditures on mineral property under development for the three months ended June 30, 2018 were \$4.5 million compared with \$4.3 million in the comparable period of 2017. During Q2 2018, permitting and technical studies were the largest spending categories as work focused on supporting the Planning Application and work on the Mineral Resource and updated feasibility study. This compares with Q2 2017 when permitting and infill drilling were the largest spending categories as work mainly focused on finalizing the ESIA and Planning Application as well as completing an underground infill drilling program. Expenditures on mineral property under development for the six months ended June 30, 2018 were \$10.6 million compared with \$6.8 million, net of receipt from processing of mineralized material, in the comparable period of 2017.

The budget for 2018 on expenditures on mineral property under development includes completion of the 2017 work program during Q1 2018, completion of the updated mineral resource estimate during Q2 2018, completion of an updated feasibility study expected to be released by the end of 2018 and up to 14,000 metres of step out drilling at the Curraghinalt deposit, including some sizable step-out drill holes, during Q2 and Q3, 2018. Drilling to date in 2018 includes the completion of approximately 4,960 metres in 17 holes to test potential extensions of the Curraghinalt deposit; this drilling is ongoing and did not contribute to the 2018 Mineral Resource.

Curraghinalt Gold Deposit – Permitting

During November 2017, the Company submitted its Planning (permitting) Application to build a mine at the Curraghinalt gold deposit to DfI. During 2018, permitting and stakeholder engagement will continue to be a major focus for the Company.

Dalradian has already successfully permitted underground and associated surface operations at the Curraghinalt deposit. Three permits were required and obtained for the underground exploration program: planning permission; a site discharge consent for water; and an explosives storage licence. As part of this planning permission, the Company submitted and received approval from Northern Ireland regulators for a number of management plans governing items such as water, noise, traffic and dust. During the underground exploration program, over 70 site inspections were completed by the various environmental and health and safety regulatory authorities, with strong environmental and health and safety records.

During Q2 2018, the Company continued its excellent record of compliance with the terms and conditions of its permits and had zero lost time injuries. A highlight of the quarter was completion of reclamation of the waste rock store on the site of the underground exploration program, as shown in the photo below.

Figure 3: Image of reclaimed waste rock store, located in centre of photo



In Q4 2014, Dalradian commenced an Environmental and Social Impact Assessment (“ESIA”), to examine the potential impacts of a full mine build, as well as options for the elimination or mitigation of such impacts. SRK UK was the environmental consultant for preparation of the ESIA. The ESIA report, together with a project description, form the basis of the Planning Application submitted during Q4 2017.

During 2018, spending on permitting is expected to remain at a similar level to 2017 as activities shift from preparation of the application to supporting it through the planning review process and preparing applications for other licences and consents associated with the main application.

The entire planning process, from submission of the application to a decision being announced by the relevant authority, is expected to take approximately 24 months. Review of the application, including consultation by DfI with various statutory consultees (such as near neighbours and government departments charged with regulating aspects such as water, traffic, ecology and waste), is ongoing and is expected to take until early 2019. This includes one round of requests for further information from DfI followed by consultation on the additional information provided. Following the review by DfI, it is expected that a Public Local Inquiry (“PLI”) will be called, given the scale of the project. The typical time frame for a PLI is approximately one year. At the end of this process, the DfI will make a decision on the application. This decision-making process is the subject of review following the ARC21 CoA decision in July 2018, where the court found that decisions regarding a regionally significant planning application cannot be made by the DfI in the absence of a government minister.

The Company has already completed extensive consultation on its plans to build a mine at the Curraghinalt gold deposit. Dalradian and SRK UK along with other consultants began stakeholder engagement for the ESIA in December 2015 with an initial meeting with planning officials. This was followed by other government agency meetings and initial community consultations in January 2016. The purpose of these meetings was to receive government agency, community and other stakeholder feedback to input into the Planning Application. Since December 2015 and up to submission of the Planning Application, Dalradian had 44 meetings in total with various regulatory agencies to receive feedback on the proposed project.

Dalradian formally began the pre-application community consultation process on its proposal to build a mine in January 2016. Dalradian consulted on the early scope of the ESIA at five public events in the local communities of Greencastle, Gortin and Rouskey. However, these five consultations were prior to the statutory window. The statutory process began in August 2016 following submission of the Proposal of Application Notice to DfI.

On November 19 and 21, 2016, as part of the formal pre-application community consultation, Dalradian held two public information events attended by more than 270 people. More than 5,000 households in a 15 kilometre radius of the site had been sent information about the project and the public information events. The events took place at the Company's current underground exploration site and allowed residents to access more information about the project and ask questions of the 30 Dalradian employees and consultants in attendance. More than 60 information boards/posters were on display, the majority of them relating to environmental impact and modelling, at 12 stations depicting various aspects of the proposed mine, with a scale model of the site and a 3-D animation to assist in visualizing the future site.

Since the beginning of the statutory process in August 2016 and up to submission of the Planning Application, in excess of 450 individual comments or representations were recorded in response to the Company's plans. Included within this figure are 189 responses to the online, postal or event feedback forms. A total of 74% of respondents are supportive, or neutral, to the Company's plans assuming that appropriate controls and safeguards are in place. A breakdown of the 189 responses is as follows: 123 (65%) "supportive, with controls and safeguards in place", 11 (6%) "undecided", 5 (3%) "no comment" and 50 (26%) "against". The Company believes that ongoing engagement and consultation will help address many of the concerns articulated.

To further promote understanding of the Curraghinalt gold deposit and transparency with respect to the Company's operations, Dalradian offers tunnel and site tours and face-to-face meetings with local residents, businesses and members of the wider public. Since the summer of 2016, more than 1,170 local residents and stakeholders have attended tunnel and site tours, which are ongoing.

Dalradian will continue to seek constructive dialogue and provide clarity and reassurance to local residents and the wider public about its plans. Throughout all of the Company's formal and informal consultations, it has sought to engage meaningfully and continues to communicate regularly with residents and the wider public of West Tyrone and Northern Ireland. In the lead-up to submission of the Planning Application, a series of weekly informative advertorials were run in local newspapers and promoted on social media to give residents more details concerning the benefits of the project and environmental protection measures. The Company has continued these weekly communications, with topics tailored to address concerns raised by local residents.

Written submissions to the Company's consultation events held in November 2016 demonstrated majority support for the project. However, as with most regionally significant planning applications, there are a number of people who are currently opposed to the project. The planning system in Northern Ireland allows and encourages all interested parties to make their views known and to submit the specific reasons for their support or opposition. The Company respects the planning process in Northern Ireland and is confident the project will succeed because it is a responsible development that will bring sustainable economic and social benefits to the local area and Northern Ireland as a whole for years to come.

It is common, with respect to regionally significant planning applications in Northern Ireland, to have multiple legal challenges, including judicial reviews. A judicial review (“JR”) is a type of court proceeding in which a judge reviews the lawfulness of a decision or action made by a public body. It is a challenge to the way in which a decision has been made, rather than the conclusion reached. Two JRs have been brought against government departments in Northern Ireland relating to decisions taken by these departments (on planning and environmental grounds) and Dalradian is a notice party. The first JR concerns the decision by DfI to accept the Company’s Planning Application and has a hearing date in December 2018. The second JR concerns the decision by the Department of Agriculture, Environment and Rural Affairs to grant a revised water discharge consent for the Company’s exploration site and has a hearing date in September 2018. Both departments are robustly defending the proceedings and the decisions made. Dalradian, as a notice party, will also be submitting evidence in defence of the decision-making process. The timing and process for review of the Planning Application is not affected by the JR process and the application has continued to move through review and consultation steps. The Company will provide updates on any material developments regarding the JRs.

Stakeholder engagement and presentations to various levels of government will continue throughout the permitting period. During 2018, a number of ancillary permitting applications are being prepared. The permitting team will also be preparing materials for an expected PLI and responding to any further requests for information from DfI relating to the Planning Application. A broader communications campaign is ongoing during 2018 to support the permitting process by publicizing the sustainable economic and social benefits that will accrue to West Tyrone and Northern Ireland if the project is granted planning permission.

The proposed mine has attracted considerable careers interest, with approximately 1,550 job seekers having contacted the Company, including approximately one-third from County Tyrone.

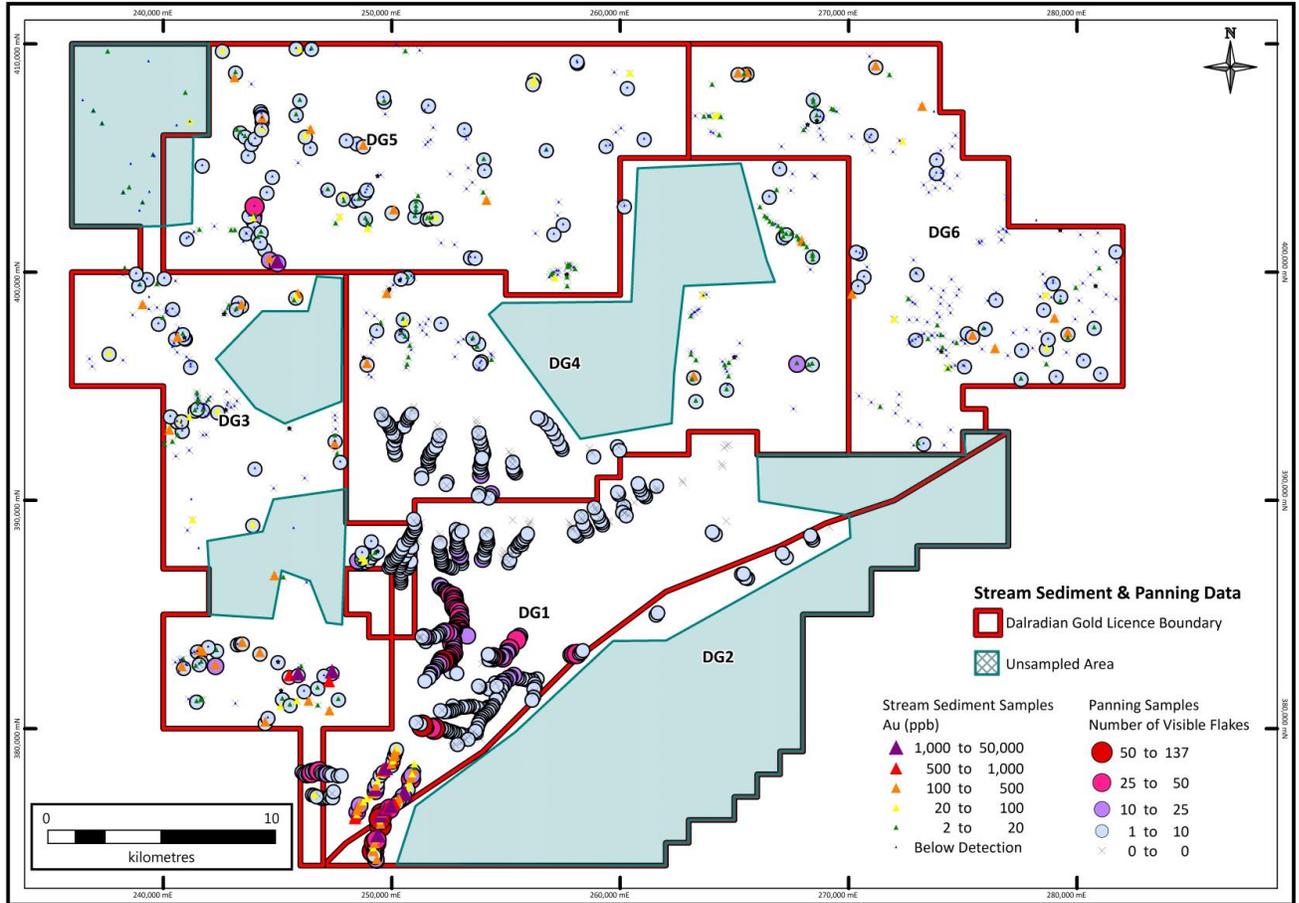
Regional Exploration – Targeting additional discoveries

Dalradian has built up a large land package in Northern Ireland, encompassing 122,000 hectares held under licence or under application. Numerous mineral showings and anomalies have already been identified on the six contiguous licence areas (see Figure 3 below).

Exploration expenditures during the three months ended June 30, 2018 were \$1.4 million compared with \$0.5 million for the comparable period of 2017. For the six months ended June 30, 2018, exploration expenditures were \$2.5 million compared with \$0.7 million for the comparable period of 2017. Expenditures were higher during the current year due to completion of approximately 3,400 metres of drilling in 17 holes to test two regional targets. The results received to date from the early stage regional drilling are encouraging since some mineralization was intercepted but will require additional follow-up work. For the remainder of 2018, regional exploration expenditures are expected to decrease as most of the regional drilling was completed during Q2 2018.

The regional exploration program also includes soil and deep overburden sampling, panning and stream sediment sampling across the licence areas. The two objectives of this program are to follow up on historic results and to have solid baseline data across all of the licence areas to inform future exploration. During Q2 2018, 10 prospecting samples, 17 stream sediment samples, 0 soil samples, and 383 deep overburden samples were collected. For the six months ended June 30, 2018, 478 deep overburden samples were collected, with the remainder of the sampling numbers being the same as for Q2 2018. Regional exploration on DG3 and DG4 will continue once new licences are granted by DfE.

Figure 4: Map of the licence areas showing results from stream sediment and panning



Breakdown of Mineral Property under Development

Table 3:

(in thousands)	Balance Dec. 31, 2017	Additions Q1 2018	Additions Q2 2018	Balance June 30, 2018
Minco royalty acquisition	\$ 26,492	\$ -	\$ -	26,492
Mineralized material processing, net	(1,006)	-	-	(1,006)
Underground development	28,023	434	182	28,639
Infill drilling	20,183	2,840	327	23,350
Technical Studies	13,210	485	830	14,525
Permitting	14,489	1,060	1,516	17,065
Geology	36,444	498	863	37,805
Administrative and other	7,915	1,297	1,727	10,939
Provision for reclamation	1,182	-	-	1,182
Capitalized depreciation	3,010	169	161	3,340
Share-based payments	1,590	73	65	1,728
Warrants	139	-	-	139
	\$ 151,671	\$ 6,856	\$ 5,671	\$ 164,198

(in thousands)	Balance Dec. 31, 2016	Additions Q1 2017	Additions Q2 2017	Balance June 30, 2017
Mineralized material processing, net	\$ -	\$ (1,015)	\$ 16	(999)
Underground development	25,118	1,037	195	26,350
Infill drilling	11,359	730	1,620	13,709
Technical Studies	11,454	592	430	12,476
Permitting	9,856	715	1,360	11,931
Geology	35,511	165	325	36,001
Administrative and other	5,509	486	671	6,666
Provision for reclamation	1,182	-	-	1,182
Capitalized depreciation	2,281	186	186	2,653
Share-based payments	1,287	53	106	1,446
Warrants	139	-	-	139
	\$ 103,696	\$ 2,949	\$ 4,909	\$ 111,554

The primary activities during 2018 and 2017 relating to mineral property under development were infill drilling and permitting.

During 2017, a net recovery of \$1.0 million was credited to property, plant and equipment related to the \$4.4 million cost of processing the mineralized material from underground development offset by proceeds of \$5.4 million from the sale of processed ore.

OVERVIEW OF SELECTED INFORMATION FROM THE FINANCIAL STATEMENTS

The following table sets forth selected data for the quarters ended June 30, 2018 and 2017:

(in thousands, except per share amounts)	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Operating expenses:.....				
Salaries and related benefits.....	\$ 1,218	\$ 1,115	\$ 2,072	\$ 1,599
Professional fees and consulting.....	1,854	265	1,982	494
Share-based payments.....	336	962	829	1,207
Investor relations and travel.....	390	185	730	427
Office, regulatory and general.....	281	236	564	429
Depreciation.....	1	1	2	2
Foreign exchange loss (gain).....	173	5	(61)	(49)
Interest and bank charges.....	3	4	6	8
	<u>4,256</u>	<u>2,773</u>	<u>6,124</u>	<u>4,117</u>
Interest income	451	55	906	118
Loss and comprehensive loss for the period	<u>\$ (3,805)</u>	<u>\$ (2,718)</u>	<u>\$ (5,218)</u>	<u>\$ (3,999)</u>
Loss per share - basic and diluted	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ (0.02)</u>

Results of Operations for the Three Months Ended June 30, 2018, compared to the Three Months Ended June 30, 2017

Salaries and related benefits expense for the three months ended June 30, 2018 of \$1.2 million is comparable with the same period in 2017 of \$1.1 million.

Professional fees and consulting expense for the three months ended June 30, 2018 of \$1.9 million increased compared with the same period in 2017 of \$265 thousand, primarily due to fees related to the Transaction.

Share-based payments expense for the three months ended June 30, 2018 of \$336 thousand decreased compared with the same period in 2017 of \$962 thousand, primarily due to share options granted during Q2 2017 while none were granted during Q2 2018.

Investor relations and travel expense for the three months ended June 30, 2018 of \$390 thousand increased compared with the same period in 2017 of \$185 thousand, primarily due to increased Board of Directors travel as a result of a Directors' site visit to Curraghinalt and now having two United Kingdom based directors and marketing related travel.

Office, regulatory and general expense for the three months ended June 30, 2018 of \$281 thousand increased compared to the same period in 2017 of \$236 thousand, primarily due to higher listing fees as a result of more shares outstanding.

Foreign exchange loss for the three months ended June 30, 2018 of \$173 thousand increased compared to the same period in 2017 of \$5 thousand due to the weakening of the pound sterling against the Canadian dollar during Q2 2018 compared with the strengthening of the pound sterling offset by the weakening of the US dollar against the Canadian dollar in Q2 2017.

Interest income for the three months ended June 30, 2018 of \$451 thousand increased compared with the same period in 2017 of \$55 thousand due to a higher cash balance resulting from warrant exercises and the Private Placement (as defined below) in 2017.

Results of Operations for the Six Months Ended June 30, 2018, compared to the Six Months Ended June 30, 2017

Salaries and related benefits expense for the six months ended June 30, 2018 of \$2.1 million increased compared with the same period in 2017 of \$1.6 million, primarily due to the accrual of a one-time bonus to an executive due to the achievement of certain milestones associated with the Mineral Resource. Additionally, a reversal of the prior year accrual for short-term incentives was recorded in the comparable period of 2017 based on the actual amount of awards paid in Q1 2017 related to the 2016 fiscal year.

Professional fees and consulting expense for the six months ended June 30, 2018 of \$2.0 million increased compared with the same period in 2017 of \$494 thousand, primarily due to fees related to the Transaction.

Share-based payments expense for the six months ended June 30, 2018 of \$829 thousand decreased compared with the same period in 2017 of \$1.2 million, primarily due to share options granted during Q2 2017 while none were granted during Q2 2018.

Investor relations and travel expense for the six months ended June 30, 2018 of \$730 thousand increased compared with the same period in 2017 of \$427 thousand, primarily due to increased Board of Directors travel as a result of a Directors' site visit to Curraghinalt and now having two United Kingdom based directors and marketing related travel, additional sponsorship and the redesign of the Company's website.

Office, regulatory and general expense for the six months ended June 30, 2018 of \$564 thousand increased compared with the same period in 2017 of \$429 thousand, primarily due to higher listing fees and information technology costs.

Foreign exchange gain for the six months ended June 30, 2018 of \$61 thousand is comparable with the same period in 2017 of \$49 thousand.

Interest income for the six months ended June 30, 2018 of \$906 thousand increased compared with the same period in 2017 of \$118 thousand due to a higher cash balance resulting from warrant exercises and the Private Placement (as defined below) in 2017.

Summary of Quarterly Results

The following table sets forth selected consolidated financial information for each of the Company's eight most recently completed quarters:

(in thousands, except per share amounts)	Three months ended			
	Jun. 30, 2018	Mar. 31, 2018	Dec. 31, 2017	Sept. 30, 2017
Interest income	\$ 451	\$ 455	\$ 263	\$ 104
Net loss	(3,805)	(1,413)	(1,827)	(1,878)
Net loss per common share (basic and diluted)	(0.01)	-	(0.01)	(0.01)
Cash and cash equivalents	120,166	126,929	137,963	48,763
Other current assets	1,142	2,169	1,336	1,325
Restoration deposit	1,083	1,130	1,058	1,042
Property, plant and equipment	178,554	173,033	166,347	158,976
Exploration and evaluation assets	5,722	5,209	4,601	4,292
Total assets	\$ 306,667	\$ 308,470	\$ 311,305	\$ 214,398
Total shareholders' equity	\$ 298,862	\$ 302,266	\$ 303,113	\$ 207,275

(in thousands, except per share amounts)

	Three months ended			
	Jun. 30, 2017	Mar. 31, 2017	Dec. 31, 2016	Sept. 30, 2016
Interest income	\$ 55	\$ 63	\$ 67	\$ 33
Net loss	(2,718)	(1,281)	(3,008)	(1,415)
Net loss per common share (basic and diluted)	(0.01)	(0.01)	(0.01)	(0.01)
Cash and cash equivalents	34,619	36,447	35,719	43,109
Other current assets	1,513	6,440	1,173	987
Restoration deposit	1,051	1,041	1,032	1,063
Property, plant and equipment	126,533	121,810	118,988	13,961
Exploration and evaluation assets	4,176	4,021	3,943	102,870
Other assets	413	-	-	-
Total assets	\$ 168,305	\$ 169,759	\$ 160,855	\$ 161,990
Total shareholders' equity	\$ 162,760	\$ 161,794	\$ 154,920	\$ 156,816

To date, seasonality or commodity market fluctuations have not had a direct impact on the Company's results of operations, as the Company does not currently generate revenue and is focused on advancing its mineral properties. Fluctuations in quarterly results are mainly due to cycles of spending on properties and financing future activities. Cash balances rose from Q1 2017 through Q4 2017 due to warrant exercises. In Q4 2017 cash balances rose significantly due to the Private Placement (as defined below). Cash balances were reduced quarterly depending on exploration and evaluation and development activities. Quarters with higher net losses typically involved a higher level of corporate activity, usually related to marketing the Company or higher share-based payments.

The substantial increase in property, plant and equipment (and decrease in exploration and evaluation assets) between Q3 2016 and Q4 2016 relates to the transition of the Curraghinalt gold deposit from exploration-based accounting to development-based accounting. The other substantial increase, which occurred in Q3 2017 reflects the acquisition of the Royalty. The "Other current assets" amount in Q1 2017 is unusually high due to the receivable for the processing of mineralized material.

FINANCIAL CONDITION, CASH FLOWS, LIQUIDITY AND CAPITAL RESOURCES

Capital Resources

The adequacy of the Company's capital structure is monitored on an ongoing basis and adjusted as necessary according to market conditions to meet Dalradian's objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, adjusting spending, disposing of assets or issuing debt.

Dalradian is not in commercial production on its Northern Ireland Properties and, accordingly, it does not generate cash from operations. Dalradian's only source of income has been interest earned from funds on deposit. Accordingly, when cash resources are nearing depletion, the Company is dependent on issuing equity or other forms of financing to complete programs associated with its development and exploration and evaluation of properties.

During the year ended 2017, the Company received approximately \$49.8 million from warrant exercises. Currently, no warrants are outstanding as the remaining 50,000 warrants outstanding at year end 2017 expired on January 1, 2018.

On November 27, 2017, Orion Mine Finance Fund II LP acquired 34,013,605 common shares of the Company and Osisko Gold Royalties Ltd acquired 19,217,687 common shares of the Company, each at a price of C\$1.47 per common share for total gross proceeds of C\$78.25 million (the "Private Placement"). The Company intends to use the proceeds of the Private Placement for general working capital purposes.

Dalradian's cash and cash equivalents as at June 30, 2018 were \$120.2 million, compared with \$138.0 million as at December 31, 2017.

Liquidity

The Company primarily finances its activities by raising capital through the issuance of equity. While the Company has no source of revenue, management believes it has sufficient cash resources to meet its obligations and fund planned expenditures and administrative costs for at least the next twelve months. The Company will have to raise financing in the future to develop a mine and meet future expenditures and administrative costs. Although the Company has been successful in raising funds to date, as evidenced by proceeds raised from warrant exercises and the Private Placement received during 2017, there can be no assurance that adequate financing will be available in the future or available under terms acceptable to the Company. Global commodity markets and, in particular, the price of gold, remain volatile and uncertain, which could lead to difficulties in raising funds.

Working Capital

(in thousands)	<u>As at Jun. 30, 2018</u>	<u>As at Dec. 31, 2017</u>	<u>Change</u>
Current Assets			
Cash and cash equivalents.....	\$ 120,166	\$ 137,963	\$ (17,797)
Amounts receivable	595	651	(56)
Prepaid expenses and other assets.....	547	685	(138)
	<u>\$ 121,308</u>	<u>\$ 139,299</u>	<u>\$ (17,991)</u>
Current Liabilities			
Accounts payable and accrued liabilities.....	\$ 6,876	\$ 7,141	\$ (265)
Provision for reclamation.....	-	356	(356)
	<u>\$ 6,876</u>	<u>\$ 7,497</u>	<u>\$ (621)</u>
Working Capital⁽¹⁾	<u>\$ 114,432</u>	<u>\$ 131,802</u>	<u>\$ (17,370)</u>

⁽¹⁾ Working capital is not a recognized measure under IFRS (see Non-IFRS measures below).

The majority of accounts payable and accrued liabilities relate to trade payables incurred in the normal course of operations.

Contractual Obligations

At June 30, 2018, the Company had the following commitments for operating leases:

(in thousands)	<u>Total</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>Thereafter</u>
Operating leases.....	\$ 1,634	\$ 253	\$ 446	\$ 267	\$ 267	\$ 267	\$ 134

Operating leases represent lease agreements for office spaces in Toronto expiring on September 30, 2018 and July 30, 2023 and in Northern Ireland expiring on September 30, 2019 and April 30, 2023.

Contingent Liability

The Company may be subject to various contingent liabilities that occur in the normal course of operations.

The Company is disputing invoices with claims totalling £400 thousand (equivalent to \$694 thousand) from one organization related to underground development. Management is of the view that the claims are without merit and they will be contested to the full extent of the law. Accordingly, these claims have not been accrued and are considered to be a contingent liability.

Off-balance Sheet Arrangements

Dalradian does not have any off-balance sheet arrangements.

Non-IFRS Measures

The Company uses certain non-IFRS measures in this MD&A such as working capital. The Company calculates working capital as its current assets, less its current liabilities. Management uses working capital as an internal measure to better assess performance trends. Management understands that a number of investors and others that follow the Company's business assess performance in this way. For a calculation of the Company's working capital, refer to the section entitled *Financial Condition, Cash Flows, Liquidity and Capital Resources*. Non-IFRS measures may not be comparable to similar measures presented by other issuers as they have no standardized meaning under IFRS. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Foreign Currency Risk

A variation in the exchange rates between the Canadian dollar and foreign currencies could affect the Company's operating and financial results. The Company is exposed to foreign currency risk as the Company holds cash in foreign currencies and has other financial assets and liabilities that are denominated in foreign currencies. The Company's management monitors the exchange rate fluctuations on a regular basis and does not currently use currency derivative instruments to manage its exposure to foreign currency fluctuations.

At June 30, 2018, the carrying amounts of Dalradian's foreign currency-denominated net financial assets are approximately as follows:

(in thousands)	<u>Net financial assets (liabilities)</u>	<u>Effect of 10% change in exchange rate</u>
U.S. dollar	\$ 130	\$ 13
Pound sterling	2,669	267
Euro	(76)	8
Australian dollar	(234)	23

OUTSTANDING SHARE DATA

The following table summarizes the capitalization of the Company as at June 30, 2018:

		<u>Number of Common Shares</u>	
Common Shares		355,493,448	
Options			
<u>Expiry¹</u>	<u>Exercise Price</u>	<u>Number of Common Shares Issuable</u>	<u>Proceeds if fully vested and exercised² (in thousands)</u>
Expiring July 9, 2018.....	\$ 0.71	250,000	\$ 178
Expiring February 14, 2019.....	0.85	300,000	255
Expiring June 25, 2019.....	0.98	1,300,000	1,274
Expiring September 25, 2019.....	0.71	140,000	99
Expiring March 2, 2020.....	0.78	750,000	585
Expiring April 1, 2020.....	0.87	8,333	7
Expiring April 8, 2020.....	0.92	100,000	92
Expiring August 20, 2020.....	0.90	500,000	450
Expiring August 21, 2020.....	0.91	100,000	91
Expiring December 18, 2020.....	0.67	2,083,333	1,396
Expiring May 13, 2021.....	1.14	175,000	200
Expiring December 14, 2021.....	1.30	125,000	163
Expiring December 16, 2021.....	1.19	1,400,000	1,666
Expiring February 1, 2022.....	1.33	100,000	133
Expiring June 30, 2022.....	1.65	2,160,000	3,564
Expiring January 18, 2023.....	1.27	250,000	318
Expiring January 22, 2023.....	\$ 1.19	100,000	119
Total Options.....		<u>9,841,666</u>	<u>\$ 10,590</u>
Restricted Share Units ("RSUs")³	-	<u>1,740,000</u>	
Deferred Share Units ("DSUs")	-	<u>504,000</u>	
Total fully diluted		<u>367,579,114</u>	

¹ Under the Company's share option plan, in the event that the expiry of any option falls within, or within two days of, a trading blackout period imposed by the Company (the "Blackout Period"), the expiry date of such options shall be automatically extended to the 10th business day following the end of the Blackout Period.

² Calculated as exercise price multiplied by number of common shares assuming that none of the options are exercised using the cashless exercise alternative.

³ Including 85,000 Performance Share Units ("PSUs") subject to a performance condition. The number of PSUs which vest will be adjusted by a multiple of 0% to 150% depending on the Company's Total Shareholder Return (defined as the cumulative share price appreciation).

As at August 7, 2018, the Company has 355,493,448 common shares, 9,841,666 options, 1,740,000 RSUs and 504,000 DSUs issued and outstanding, amounting to 367,579,114 common shares outstanding on a fully-diluted basis.

FINANCIAL STATEMENTS – CRITICAL ACCOUNTING ESTIMATES

The Consolidated Financial Statements of the Company are prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. The significant accounting policies of the Company are described in note 2 of the Company's audited consolidated financial statements for the year ended December 31, 2017.

The preparation of the Consolidated Financial Statements requires management to make estimates, judgments and assumptions. Measurement uncertainties are described in the Company's audited financial

statement for the year ended December 31, 2017. There has been no change in the nature of critical accounting estimates from the year ended December 31, 2017.

CHANGES IN ACCOUNTING POLICIES – RECENT ACCOUNTING PRONOUNCEMENTS AND ADOPTION OF NEW AND AMENDED IFRS STANDARDS

(a) Adoption of new and amended IFRS standard

The Company has adopted the IFRS standard described below as at January 1, 2018.

IFRS 9 *Financial Instruments*

On July 24, 2014, the IASB issued the completed IFRS 9, *Financial Instruments*, (IFRS 9) to come into effect on January 1, 2018 with early adoption permitted.

IFRS 9 includes finalized guidance on the classification and measurement of financial assets. Under IFRS 9, financial assets are classified and measured either at amortized cost, fair value through other comprehensive income or fair value through profit or loss based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 largely retains the existing requirements in IAS 39 *Financial Instruments: recognition and measurement*, for the classification and measurement of financial liabilities.

The Company adopted IFRS 9 in its Consolidated Financial Statements on January 1, 2018. Due to the nature of its financial instruments, the adoption of IFRS 9 had no impact on the opening accumulated deficit balance on January 1, 2018. The impact on the classification and measurement of its financial instruments is set out in Note 3 of the Consolidated Financial Statements.

(b) New accounting pronouncement

The following new IFRS standard is issued but not yet effective for the Company.

IFRS 16 *Leases*

On January 13, 2016, the IASB issued IFRS 16, *Leases*.

The standard introduces a single lessee accounting model and requires, unless the underlying asset is of low value, a lessee to recognize assets and liabilities for all leases with a term of more than 12 months. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. IFRS 16 is to come into effect on January 1, 2019 with early adoption permitted.

The Company intends to adopt IFRS 16 in its financial statements for the annual period beginning on January 1, 2019. The Company has performed a preliminary assessment to identify all leasing contracts that may be impacted by IFRS 16 and is in the process of determining the impact of IFRS 16 on its Consolidated Financial Statements.

INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE CONTROLS AND PROCEDURES

The Company has established and maintains disclosure controls and procedures designed to provide reasonable assurance that material information relating to the Company is made known to the Chief Executive Officer and the Chief Financial Officer by others, particularly during the period in which annual filings are being prepared, and that information required to be disclosed in the Company's annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified by such securities legislation.

The Company also maintains a system of internal controls over financial reporting ("ICFR") designed under the supervision of the Company's Chief Executive Officer and Chief Financial Officer to provide reasonable

assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS, however, due to inherent limitations, ICFR may not prevent or detect all misstatements and fraud. The Board of Directors approves the audited financial statements and ensures that management discharges its financial responsibilities. The Audit Committee, which is composed of independent directors, meets periodically with management and auditors to review financial reporting and control matters and approves the interim financial statements with the Board of Directors approving the annual financial statements.

There have been no changes during the period ended June 30, 2018 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

INDUSTRY AND ECONOMIC FACTORS AFFECTING PERFORMANCE

Dalradian is a mineral development and exploration entity, whose activities include the selection, acquisition, exploration, evaluation and development of mineral properties. Its current focus is to develop the Curraghinalt gold deposit. The future performance of Dalradian is largely tied to the development of its property interests and other prospective business opportunities and the overall financial markets. Financial markets for mineral companies are volatile, reflecting ongoing concerns about the stability of commodity prices. The Company's financial success will be dependent upon the extent to which it can achieve milestones in determining the economic viability of the deposits in its portfolio or of any new discoveries that it may make. The development of such assets may take years to complete and the resulting revenue, if any, is difficult to determine with any certainty. To date, Dalradian has not produced any revenue. The sales value of any minerals discovered by Dalradian is largely dependent upon factors beyond its control, such as the market value of the commodities produced. There are significant uncertainties regarding the prices of precious metals and the availability of equity financing for the purposes of exploration and development. Global commodity markets are volatile and uncertain which has contributed to difficulties in raising equity and borrowing funds. As a result, the Company may have difficulties raising equity financing for the purposes of exploration and development, particularly without excessively diluting the interests of existing shareholders. These trends may limit the ability of Dalradian to develop and/or further explore its current mineral exploration properties and any other property interests that may be acquired in the future.

RISK FACTORS

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).

ADDITIONAL INFORMATION

Additional information regarding the Company, including the AIF, can be found at www.dalradian.com and www.sedar.com.