Interim Management's Discussion and Analysis – Quarterly Highlights
For the nine month period ended September 30, 2018

INTRODUCTION

This interim management's discussion and analysis ("Interim MD&A") of Volcanic Gold Mines Inc. (the "Company") is the responsibility of management and covers the nine month period ended September 30, 2018. The Interim MD&A takes into account information available up to and including November 28, 2018 and should be read together with the unaudited condensed consolidated interim financial statements and accompanying notes for the nine month period ended September 30, 2018 and the audited annual consolidated financial statements and accompanying notes for the year ended December 31, 2017 which are available on the SEDAR website at www.sedar.com.

All financial information in this document is prepared in accordance with International Financial Reporting Standards and presented in Canadian dollars unless otherwise indicated. Additional information related to the Company is available for viewing on SEDAR at www.sedar.com.

FORWARD-LOOKING INFORMATION

This Interim MD&A contains certain statements which constitute forward-looking information within the meaning of applicable Canadian securities legislation ("Forward-looking Statements"). All statements included herein, other than statements of historical fact, are Forward-looking Statements and are subject to a variety of known and unknown risks and uncertainties which could cause actual events or results to differ materially from those reflected in the Forward-looking Statements. The Forward-looking Statements in this Interim MD&A include, without limitation, statements relating to:

- the Company's planned exploration activities for its mineral properties;
- the intended use of proceeds received from past and possible future financing activities;
- the sufficiency of the Company's cash position and its ability to raise equity capital or access debt facilities; and
- maturities of the Company's financial liabilities or other contractual commitments.

Often, but not always, these Forward-looking Statements can be identified by the use of words such as "anticipates", "believes", "plans", "estimates", "expects", "forecasts", "scheduled", "targets", "possible", "strategy", "potential", "intends", "advance", "goal", "objective", "projects", "budget", "calculates" or statements that events, "will", "may", "could" or "should" occur or be achieved and similar expressions, including negative variations.

Forward-looking Statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any results, performance or achievements expressed or implied by the Forward-looking Statements. Such uncertainties and factors include, among others:

- risks associated with mineral exploration and project development;
- fluctuations in commodity prices;
- fluctuations in foreign exchange rates and interest rates;
- credit and liquidity risks;
- changes in national and local government legislation, taxation, controls, regulations and political or economic developments in countries in which the Company does or may carry on business;
- reliance on key personnel;
- property title matters;
- local community relationships;
- risks associated with potential legal claims generally or with respect to environmental matters;
- adequacy of insurance coverage;
- dilution from further equity financing;
- competition; and
- uncertainties relating to general economic conditions;

as well as those factors referred to in the "Risks and Uncertainties" section in this Interim MD&A.

Forward-looking Statements contained in this Interim MD&A are based on the assumptions, beliefs, expectations and opinions of management, including but not limited to:

- all required third party contractual, regulatory and governmental approvals will be obtained for the exploration and development of the Company's properties;
- there being no significant disruptions affecting operations, whether relating to labor, supply, power, damage to equipment or other matter;
- permitting, exploration and development activities proceeding on a basis consistent with the Company's current expectations;
- expected trends and specific assumptions regarding commodity prices and currency exchange rates;
- prices for and availability of fuel, electricity, equipment and other key supplies remaining consistent with current levels; and
- the accuracy of the Company's current mineral resource estimates.

These Forward-looking Statements are made as of the date hereof and the Company disclaims any obligation to update any Forward-looking Statements, whether as a result of new information, future events or results or otherwise, except as required by law. 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, investors should not place undue reliance on Forward-looking Statements.

DESCRIPTION OF BUSINESS

The Company's business is the acquisition and exploration of mineral properties, focused on consolidating land packages in under-explored countries.

PROPERTY UPDATE

Mandiana Project, Guinea

In January 2017, the Company completed the acquisition of a 75% interest in the Mandiana Project, a gold property located in the Republic of Guinea, from Sovereign Mines of Africa PLC ("SMA").

The Mandiana Project consists of two contiguous exploration licences which cover an area of approximately 304 square kilometres situated approximately 80 kilometres southeast of AngloGold Ashanti's Siguiri gold mine in eastern Guinea. SMA drilled 119 reverse-circulation and diamond core holes for a total of over 16,000 metres of drilling, targeting under the areas of the artisanal mining activity. A Mineral Resource Statement for the Mandiana Project was issued by SMA in January 2014, prepared to JORC Code standards by SRK Consulting (UK) Ltd. The Company retained the services of SRK Consulting (Canada) Ltd. to update SMA's technical report to NI 43-101 standards and re-issued a new Mineral Resource statement for Mandiana.

In 2017, the Company completed a total of just over 1,500 metres of reverse-circulation and diamond drilling at Mandiana, and over 11,000 metres of air core drilling. The program resulted in the expansion of the strike potential of the Yagbelen Resource at Mandiana by approximately 1,000 metres, and its lateral potential by up to 500 metres. In early 2018, the Company's next planned drill program at Mandiana was postponed due to operational delays brought about by the former Administrateur Général of the Company's Guinean operating subsidiary, Guiord SA ("Guiord"). In June 2018, the Company announced that it had effected the appointment of its CEO, Jeremy Crozier, as the new Administrateur Général of Guiord, in order to permit the Company's management to directly conduct the activities of Guiord, including completing the renewal of the licences comprising the Mandiana Project.

The exploration licence covering the northern portion of the Mandiana Project, in which the mineral resource occurs, had an expiry date of March 30, 2018, and the southern licence was due to expire in October 2018. The Company submitted renewal applications in advance of the expiry dates; however, in November 2018, it was determined that Guiord had not been successful in securing renewed title to the licences. While the Company made considerable efforts to renew said title, the process was significantly hampered by irregularities and intransigence on the part of the former Administrateur Générale of Guiord. As well, the permit renewal process was hindered by a lack of administrative clarity and a high degree of uncertainty on the part of the Government of Guinea. In particular, the Ministry of Mines and Geology declined to acknowledge the authority of Volcanic's CEO as the new Administrateur Générale of Guiord despite his appointment being duly and legally registered with the Cour d'Appel de Conakry.

With no improvement expected in dealing with the Ministry of Mines and Geology, the Board of Directors of Volcanic determined that it was not in the best interests of its shareholders to continue working in Guinea. The Company is investigating its means of legal recourse in this matter, including seeking compensatory damages from the former Administrateur Générale of Guiord within and beyond the Republic of Guinea.

Other Projects

In May 2017, the Company entered into a binding and exclusive Memorandum of Understanding ("MOU") to acquire up to a 100% interest in the Seimana Project in Guinea, subject to the execution of a Definitive Agreement, and renewal of the mineral tenures that collectively comprise the Property. Seimana comprises four exploration permits, which together adjoin much of the western boundary of the Company's existing Mandiana Project. Based on the results of the Company's due diligence procedures, the Company determined in July 2018 to terminate the MOU.

The Company also announced in November 2018 that it had withdrawn from its previously announced proposed acquisition of exploration permits located in the Ivory Coast, as the results of management's due diligence exploration work did not justify continuing with the project.

Simon Meadows Smith, consulting geologist to the Company, is a Qualified Person as defined by National Instrument 43-101 -- Standards of Disclosure for Mineral Projects, and has reviewed and approved the disclosure of technical information contained in this Interim MD&A. Mr. Meadows-Smith holds a BSc degree in geology from Nottingham University, England, and has been involved in mineral exploration since 1988, including 20 years of experience working in West Africa. He is a Fellow in good standing of the Institute of Materials, Minerals & Mining in London.

RESULT OF OPERATIONS

All references to 'loss' in the results of operations discussion below refers to the loss attributed to equity shareholders of the Company.

Quarter ended September 30, 2018

During the quarter ended September 30, 2018 the Company incurred a loss of $2,359,287, compared to a loss of $857,938 for the quarter ended September 30, 2017. Significant revenue and expenses for the three month periods ended September 30, 2018 and 2017 are as follows:

	September 30, 2018	September 30, 2017
Exploration expenditures	$ 186,109	$ 594,473
Consulting and management fees	30,500	76,795
Investor relations	34,512	114,656
Office and administration	21,992	24,680
Professional fees	26,626	4,091
Salaries and benefits	21,510	22,641
Travel	16,956	11,753
Write-off of mineral property acquisition costs	2,671,533	-

The Company incurred a significantly higher loss for the quarter ended September 30, 2018 due to write-offs of mineral property costs totalling $2,671,533 of which $2,605,605 was related to the Mandiana Project. Exploration costs for the comparative quarter were significantly higher due to activity on the Mandiana and other projects in Guinea. Exploration costs for the current quarter included activity in the Ivory Coast but activity in Guinea was significantly reduced while the Company has been taking steps to restructure its Guinea operations.

Consulting and management fees for both quarters presented included fees paid or accrued to the CEO, the VP, Capital Markets, and a director providing advisory services. Investor relations costs include agreements with third parties for capital market consulting and corporate development. Office and administration costs relate mostly to an administrative cost sharing agreement with Gold Group Management Inc. ("Gold Group"), a private company controlled by a director, which is reimbursed by the Company for certain shared rent and other corporate expenses paid by Gold Group on behalf of the Company. Salaries and benefits costs relate primarily to Gold Group which provides administrative personnel, including the Company's CFO and Corporate Secretary.

Nine months ended September 30, 2018

During the nine month period ended September 30, 2018 the Company incurred a loss of $3,160,715, compared to a loss of $5,115,007 for the period ended September 30, 2017. Significant revenue and expenses for the nine month periods ended September 30, 2018 and 2017 are as follows:

	September 30, 2018	September 30, 2017
Exploration expenditures	$ 535,824	$ 2,592,773
Consulting and management fees	111,500	184,195
Investor relations	175,396	411,146
Office and administration	82,491	76,530
Professional fees	36,112	32,643
Salaries and benefits	73,048	67,203
Share-based payments (relating to value of stock option grants)	-	1,830,353
Travel	68,542	78,643
Write-off of mineral property acquisition costs	2,671,533	-
Write-off of deferred acquisition costs	43,569	-
Recovery on write-off of accounts payable	-	49,750

The Company incurred a higher loss for the nine month period ended September 30, 2017 due to exploration costs of $2,592,771 incurred during that period compared to $535,824 for the current period, and a non-cash share-based payments expense of $1,830,353 related to the granting of stock options whereas there was no such expense for the current period. As in the quarterly comparison, exploration costs for the comparative period were significantly higher due to activity on the Mandiana and other projects in Guinea while exploration costs for the current period included new activity in the Ivory Coast but significantly reduced activity in Guinea. The write-off of deferred acquisition costs recorded during the current period relate to a Seimana Project option agreement which, after performing due diligence procedures, the Company decided to terminate.

As in the quarterly comparison, consulting and management fees consist of fees paid or accrued to the CEO, the VP, Capital Markets, and a director providing advisory services. The comparative period consulting costs also included payments to Radius Gold Inc., a company with a common director, for reimbursement of personnel costs prior to the Mandiana acquisition. Investor relations costs, office and administration and salaries and benefits are for the same services described in the quarterly comparison. Professional fees for both the current and comparative periods relate mostly to legal fees associated with corporate and property transaction activity. The recovery on write-off of accounts payable in the comparative period relates to an amount owing to a director of the Company for past services, a portion of which the director agreed to waive.

SUMMARY OF QUARTERLY RESULTS

The Company's quarterly asset balances, working capital balances and operating results over the last eight quarters are summarized as follows:

	Sept '18	June '18	Mar '18	Dec '17	Sept '17	June '17	Mar '17	Dec '16
Total assets	$ 291,342	$ 3,194,231	$ 3,616,449	$ 3,959,216	$ 4,710,674	$ 6,026,223	$ 7,460,714	$ 479,719
Mineral properties	-	2,671,533	2,631,387	2,605,605	2,001,276	2,001,276	2,001,276	-
Working capital (deficiency)	(116,875)	220,559	637,928	1,048,676	1,641,285	2,493,624	5,050,971	168,295
Loss and comprehensive loss attributed to equity shareholders of the Company	2,359,287	417,682	383,746	1,288,345	857,938	1,800,330	2,456,739	429,543
Basic and diluted loss per share attributed to equity shareholders of the Company	0.05	0.01	0.01	0.02	0.02	0.04	0.07	0.03

Prior to the quarters presented, the Company had minimal business activity. With property investigation activities in the latter part of 2016 and the completion of the Mandiana property acquisition in the quarter ended March 31, 2017, the Company became significantly more active, hired a new President of the Company and engaged several consultants. As a result, there was an increase in operating expenses starting with the quarter ended December 31, 2016 and a larger increase for the following quarters with exploration activity on the Mandiana and other properties in Guinea. For the most recently completed quarter, total assets were significantly reduced and the carrying costs of mineral properties reduced to nil due to mineral property acquisition costs totalling $2,671,533 being written off during that quarter. The loss for the quarters ended June 30, 2017 and March 31, 2017 were higher than most other quarters presented as they included a non-cash share-based compensation expense of $98,123 and $1,732,230, respectively, whereas there was no such expense for the other quarters.

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2018, the Company had current assets of $291,342 and current liabilities of $331,452, resulting in a working capital deficiency of $116,875. Current liabilities include a total of $174,117 owing to directors and officers of the Company for accrued fees and expenses. The Company has financed its operations to date primarily through the issuance of common shares. The Company's exploration activities do not provide a source of income and therefore the Company has a history of losses and an accumulated deficit.

During the 2017 fiscal year, the Company completed equity financings to raise gross proceeds of $6.0 million, and received $420,625 from the exercise of 8,082,500 warrants. The Company does not expect its current capital resources to be sufficient to cover its corporate operating costs and to carry out planned exploration activities over the next twelve months. As such, the Company will seek to raise additional capital and believes it will be able to do so, but recognizes the uncertainty attached thereto.

Net cash used in operating activities during the period ended September 30, 2018 was $898,571 (2017: $3,683,739).

Net cash used in investing activities during the period ended September 30, 2018 was $68,518 (2017: $949,673).

Net cash provided from financing activities during the period ended September 30, 2018 was $Nil (2017: $5,880,352).

The Company's condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company's continuing operations rely on the ability of the Company to continue to raise capital as and when needed.

OUTSTANDING SHARE, OPTIONS, and WARRANTS

At the date of this Interim MD&A, the Company had outstanding 45,886,538 common shares and the following stock options and warrants:

No. of options	Exercise price	Expiry date
3,600,000	$0.60	March 14, 2027
225,000	$0.60	June 26, 2027
3,825,000		

No. of warrants	Exercise price	Expiry date
2,000,000	$0.05	January 17, 2019(1)
12,958,675	$0.80	March 8, 2022
14,958,675		

(1) In 2016, the Company extended the expiry date from January 17, 2017 to January 17, 2019

TRANSACTIONS WITH RELATED PARTIES

See Note 10 of the condensed consolidated interim financial statements for the nine months ended September 30, 2018 for details of other related party transactions which occurred in the normal course of business.

ACCOUNTING POLICIES AND BASIS OF PRESENTATION

The Company's significant accounting policies and future changes in accounting policies are presented in the audited consolidated financial statements for the year ended December 31, 2017. The following outlines the new accounting standard adopted by the Company effective January 1, 2018:

IFRS 9 Financial Instruments

The Company adopted IFRS 9 – Financial Instruments ("IFRS 9") which replaced IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 provides a revised model for classification and measurement of financial assets, including a new expected credit loss ("ECL") impairment model. The revised model for classifying financial assets results in classification according to their contractual cash flow characteristics and the business models under which they are held. IFRS 9 also introduces a reformed approach to hedge accounting. IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. The standard is effective for annual periods beginning on or after January 1, 2018. IFRS 9 did not have a material impact on the Company's classification and measurement of financial assets and liabilities. The standard also had no impact on the carrying amounts of our financial instruments at the transition date.

RISKS AND UNCERTAINTIES

The operations of the Company are highly speculative due to the high-risk nature of its business in the mineral exploration industry. Companies in the exploration stage face a variety of risks and, while unable to eliminate all of them, the Company aims at managing and reducing such risks as much as possible. The Company faces a variety of risk factors such as, but not limited to, the following:

Mineral Property Exploration and Mining Risks

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, the Company has no properties with a known commercial ore deposit. The main operating risks include: securing adequate funding to maintain and advance exploration properties; ensuring ownership of and access to mineral properties by confirmation that option agreements, claims and leases are in good standing; and obtaining permits for drilling and other exploration activities.

Joint Venture Funding Risk

The Company's strategy includes seeking partners through joint ventures to fund exploration and project development. The main risk of this strategy is that funding partners may not be able to raise sufficient capital in order to satisfy exploration and other expenditure terms in a particular joint venture agreement. As a result, exploration and development of property interests may be delayed depending on whether the Company can find another partner or has enough capital resources to fund the exploration and development on its own.

Commodity Price Risk

The Company is exposed to commodity price risk. Declines in the market price of gold, base metals and other minerals may adversely affect the Company's ability to raise capital or attract joint venture partners in order to fund its ongoing operations. Commodity price declines could also reduce the amount the Company would receive on the disposition of mineral properties to a third party.

Financing and Share Price Fluctuation Risks

The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of projects. Further exploration and development of projects may be dependent upon the Company's ability to obtain financing through equity or debt financing or other means. Failure to obtain this financing could result in delay or indefinite postponement of exploration and development which could result in the loss of properties.

Securities markets have at times in the past experienced a high degree of price and volume volatility, and the market price of securities of many companies, particularly those considered to be exploration stage companies such as the Company, have experienced wide fluctuations in share prices which have not necessarily been related to their operating performance, underlying asset values or prospects. There can be no assurance that these kinds of share price fluctuations will not occur in the future, and if they do occur, how severe the impact may be on the Company's ability to raise additional funds through equity issues and corresponding effect on the Company's financial position.

Political, Regulatory and Currency Risks

Mineral properties recently held by the Company are located in countries in West Africa, which currently suffers from certain governance issues and stressed economic and business climates. Operations in the West Africa are consequently subject to a higher level of risk compared to less economically stressed and more politically stable countries. Operations, the status of mineral property rights, title to the properties and the recoverability of amounts shown for mineral properties in any nation can be affected by changing economic, regulatory and political situations. The Company's equity financings are sourced in Canadian dollars but for the most part it has incurred its exploration expenditures in US dollars, Guinean francs, and West African francs. At this time there are no currency hedges in place. Therefore a weakening of the Canadian dollar against foreign currencies could have an adverse impact on the amount of exploration conducted.

Insured and Uninsured Risks

In the course of exploration, development and production of mineral properties, the Company is subject to a number of hazards and risks in general, including adverse environmental conditions, operational accidents, labor disputes, unusual or unexpected geological conditions, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods, and earthquakes. Such occurrences could result in damage to properties, facilities and equipment of the Company, personal injury or death, environmental damage to properties of the Company or others, delays, monetary losses and possible legal liability.

Although the Company may maintain insurance to protect against certain risks in such amounts as it considers reasonable, its insurance may not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums or for other reasons. Should such liabilities arise, they could reduce or eliminate future profitability and result in increased costs, have a material adverse effect on the Company's results and a decline in the value of the securities of the Company.

Environmental and Social Risks

The activities of the Company are subject to environmental regulations issued and enforced by government agencies. Environmental legislation is evolving in a manner that will require stricter standards and enforcement and involve increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There can be no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on properties held by the Company which are unknown to management. Social risks are of consideration in West Africa where the Company has recently operated, due to the existence of poverty. These social risks could have an adverse impact on the efficiency of performing planned exploration activities.

Competition

The Company will compete with many companies and individuals that have substantially greater financial and technical resources than the Company for the acquisition and development of its projects as well as for the recruitment and retention of qualified employees.