



## **Management's Discussion & Analysis ('MD&A')**

### **For the First Quarter Ended March 31, 2017**

*This MD&A, including appendices, is unaudited and is intended to help the reader understand Rambler Metals and Mining plc ('the parent company') and its subsidiaries (the 'Group' or 'Rambler'), our operations and our present business environment. It has been prepared as of May 24, 2017 and covers the results of operations for the quarter ended March 31, 2017. This discussion should be read in conjunction with the audited Financial Statements for the five months ended December 31, 2016 and notes thereto. This consolidated financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") and their interpretations issued by the International Accounting Standards Board ("IASB"), as adopted by the European Union and with IFRS and their interpretations issued by the IASB. The presentation currency is US Dollars. These statements together with the following MD&A are intended to provide investors with a reasonable basis for assessing the potential future performance. See Forward Looking Statement disclosure in Appendix 5.*

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## **GROUP OVERVIEW**

The Company is transforming the Ming Copper-Gold Mine Project ('the Project') with a fully funded expansion strategy. Its principal activity is the development, mining and exploration of its mining Project in Newfoundland and Labrador (see map referenced in Appendix 1) with a longer-term goal of continued exploration and development of other properties in its portfolio, all located in Canada.

The Company is currently focussed on:

1. Implement of its fully funded Phase II expansion and optimisation strategy, as described below.
2. Continue with engineering scoping studies aimed at boosting production beyond the Phase II - 1,250 metric tonnes per day ('mtpd') goal. Detailed engineering and review to include ore pre-concentration (Dense Media Separation – "DMS"), shaft rehabilitation and improved gold recovery are underway.
3. Maintain its focus on reducing average unit costs at its operation through planned increases in ore production as outlined in the Phase II expansion strategy. Also to further evaluate the potential for additional cost reductions as part of ongoing Phase III optimization and engineering studies.
4. Increasing available resources and reserves through further exploration within the Ming mine.

See Forward Looking Information in Appendix 5.

The Company's directors and management believe that these priorities provide a solid foundation for Rambler, and its shareholders, as it continues working towards building a successful mid-tier mining company.

The parent Company's Ordinary Shares trade on the London AIM market under the symbol "RMM" and the TSX Venture Exchange under the symbol "RAB".

### **Phase II optimisation strategy**

The Phase II expansion strategy has been initiated to transform the current operations and fully optimise all available infrastructure. The Phase I start-up focused on mining and processing 650 mtpd of high grade massive sulfide ore. The Phase II operation will see the mining and processing of 1,250 mtpd of blended massive sulfide and Lower Footwall Zone ('LFZ') stringer ore. With the investment by CEII Mining in June, 2016, the subsequent exercise of warrants and funding by way of a repayable contribution through the Atlantic Canada Opportunity Agency's Business Development Program, this expansion plan is fully funded. The target goal of reaching full 1,250 mtpd production is anticipated by mid-calendar 2017.

The first production milestone was achieved during the 2016 fiscal year and continued during the 5 months ending December 31, 2016, with daily mill throughput now up to 910 mtpd.

## CHANGE IN FISCAL YEAR

In 2016 the Company changed its fiscal year from July 31 to December 31. The current reporting period is the three month period from January 1, 2017 to March 31, 2017 ("Q1/17") Comparative information has been restated in line with calendar quarters and has been provided for the three month period ended December 31, 2016 ("Q4/16") and the three month period ended March 31, 2016 ('Q1/16').

## HIGHLIGHTS OF THE FIRST QUARTER

- Production of 75,438 dry metric tonnes ('dmt') (Q4/16: 72,036 dmt, Q1/16: 58,362 dmt) a 5% increase on the previous quarter, with copper concentrate grade of 28% (Q4/16: 27%, Q1/16: 27%) and copper head grade of 1.13% (Q4/16: 1.36%, Q1/16: 2.28%).
- Phase II optimisation strategy continued with LFZ ore being blended with ongoing production from the high grade MMS.
- Revenue was US\$5.7 million (Q4/16: US\$5.4 million, Q1/16: US\$7.7 million).
- Average prices for the quarter were US\$2.63 per pound of copper (Q4/16: US\$2.36, Q1/16: US\$2.13) and US\$1,211 per ounce gold (Q4/16: US\$1,246 Q1/16: US\$1,173).
- Operating loss of US\$3.5 million (Q4/16: US\$3.4 million loss, Q1/16: US\$0.4 million profit) and Earnings/(losses) before interest, taxes, depreciation, amortisation ('EBITDA') of US\$(1.5) million (Q4/16: US\$(1.0) million, Q1/16: \$2.9 million).
- Direct cash costs net of by-product credits ('C1 costs') for the quarter were US\$3.39 (Q4/16: US\$2.99, Q1/16: US\$1.39).
- Cash flows (utilized)/generated from operating activities were US\$(2.1) million (Q4/16: US\$0.2 million, Q1/16: US\$2.4 million).

## SUBSEQUENT EVENTS

Following a tender process the Board has appointed Deloitte LLP as auditors and a resolution to ratify the appointment of Deloitte LLP will be included in the Notice for the forthcoming Annual General Meeting.

## FINANCIAL RESULTS

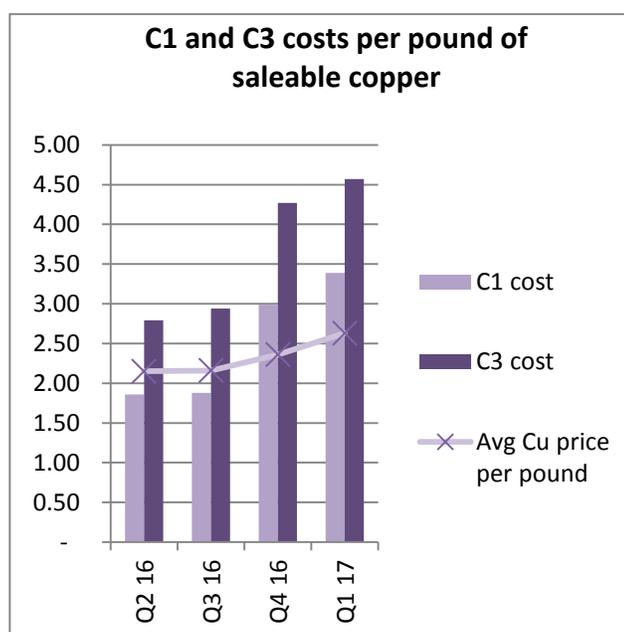
### Revenue

→ A total of 3,249 dmt (Q4/16 – 3,272 dmt, Q1/16 – 4,297 dmt) of concentrate was provisionally invoiced during the period at an average price of US\$2.63 (Q4/16 - US\$2.36, Q1/16 – US\$2.13) per pound copper and US\$1,211 (Q4/16 - US\$1,246, Q1/16 - US\$1,173) per ounce gold, generating US\$5.7 million in revenue (Q4/16 US\$5.7 million, Q1/16 - US\$6.9 million). Revenue for the quarter was US\$5.7 million (Q4/16 US\$5.4 million, Q1/16 - US\$7.7 million) after adjustments arising from second provisional invoices and final settlement of provisional invoices. The reduction in revenue from Q1/16 reflects lower saleable metal sold as a result of lower head grades.

### Costs

→ Net cash direct costs per pound of saleable copper net of by-product credits ('C1') for the quarter were US\$3.39 (Q4/16: US\$2.99, Q1/16: US\$1.39). Saleable copper produced in the quarter was 2.0 million pounds (Q4/16: 1.9 million, Q1/16 2.5 million). Lower head grade, together with increased operating development costs from mining the LFZ contributed to the rise in C1 costs compared to Q4/16 and Q1/16. C1 costs are expected to be higher throughout this development stage until production from the LFZ zone is stabilised at its designed level. Once Phase II expansion throughput reaches 1,250 mtpd, C1 costs should return to approximately US\$1.70.

→ A summary of the Company's net cash direct costs (C1) and fully allocated costs (C3) net of by-product credits per pound of saleable copper together with the average sales price of copper for the past four quarters are shown below. The increase in costs from Q2/16 and Q1/16 is as a result of lower copper production during the mine expansion stage.



The Company has included non-GAAP performance measures: net cash direct costs per pound of saleable copper net of by-product credits (C1 costs) and fully allocated costs (net of by-product credits)(C3 costs) per pound of saleable copper, throughout this document. C3 costs include interest charges which are shown below the operating profit line in the income statement. This is a common performance measure in the mining industry but does not have any standardized meaning. Refer to Appendix 3 for a reconciliation of these measures to reported production expenses.

## Loss

- The net loss after tax for Q1/17 was US\$2.8 million or US\$0.005 per share which compares with a loss of US\$1.6 million or US\$0.004 per share for Q4/16 and a profit of US\$0.8 million or US\$0.006 per share for Q1/16. The increase in losses from Q4/16 was mainly due to a tax credit recognised in Q4/16 and the increase from Q1/16 was mainly due to the lower production of saleable pounds of copper.
- Earnings/(losses) before interest, taxes, depreciation, amortisation (“EBITDA”) were US\$(1.5) million for Q1/17 compared to US\$(1.0) million in Q4/16 and US\$2.9 million in Q1/16.

## Cash flow and cash resources

- Cash flows utilized in operating activities for Q1/17 were US\$2.1 million compared with cash generated of US\$0.2 million in Q4/16 and \$2.4 million in Q1/16. The utilization of cash in operations for the quarter arose from a cash operating loss offset by changes in working capital.

## Financing and Investment

- During the first quarter, a repayment of US\$0.1 million (project to date: US\$17.2 million) was made on the Group’s gold loan by the delivery of 115 payable ounces of gold (12,101 ounces have been delivered by the project to date).
- Net debt excluding the Gold loan was as follows:

	Q1/17	Q4/16	Q1/16
	US\$'000	US\$'000	US\$'000
Cash	5,094	2,156	374
Finance leases	(3,047)	(2,655)	(2,133)
Advance purchase agreement	(592)	(1,121)	(3,081)
Net cash (debt)	1,455	(1,620)	(4,840)

## ORE CONCENTRATE AND PRODUCTION

### QUARTER BY QUARTER

PRODUCTION	Q4/16	Q1/17		Q1/16	Q1/17	
Dry Tonnes Milled	72,036	<b>75,438</b>	5%	58,362	<b>75,438</b>	29%
Copper Recovery (%)	94.1	<b>96.6</b>	0%	96.3	<b>96.6</b>	0%
Gold Recovery (%)	70.5	<b>64.0</b>	-9%	71.4	<b>64.0</b>	-10%
Copper Head Grade (%)	1.36	<b>1.13</b>	-17%	2.28	<b>1.13</b>	-50%
Gold Head Grade (g/t)	0.56	<b>0.3</b>	-46%	1.72	<b>0.3</b>	-82%

### CONCENTRATE

(Produced and Stored in Warehouse)

Copper (%)	26.8	<b>28.2</b>	5%	27.1	<b>28.2</b>	4%
Gold (g/t)	9.2	<b>5.2</b>	-44%	16.3	<b>5.2</b>	-68%
Dry Tonnes Produced	3,168	<b>2,930</b>	-8%	4,260	<b>2,930</b>	-31%
Saleable Copper Metal (t)	850	<b>794</b>	-7%	1,107	<b>794</b>	-28%
Saleable Gold (oz)	865	<b>391</b>	-55%	2,096	<b>391</b>	-81%

- Production of 2,930 tonnes of copper concentrate, representing an 8% decrease over Q4/16 resulting from a lower copper head grade during the quarter.
- Dry tonnes milled of 75,438 tonnes, a 5% increase over Q4/16 and a 29% increase over Q1/16, driven by an increase in production from the Lower Footwall Zone ('LFZ');
  - 794 tonnes of saleable copper (a 7% decrease over Q4/16 and a 28% decrease over Q1/16)
  - 391 ounces of saleable gold (a 55% decrease over Q4/16 and an 81% decrease over Q1/16)
- Head grades of copper averaged 1.13% for the quarter (a 17% decrease over Q4/16 and 50% decrease over Q1/16); gold averaged 0.3 g/t (46% decrease over Q4/16 and 82% decrease over Q1/16).
- Grades for the 3 month period, as expected, were lower than guidance due to the majority of LFZ ore now being sourced from capital development. Once the LFZ production areas are fully developed, ore will be primarily sourced from large productive stopes with better average grade than currently being experienced which in turn will allow production cost to be reduced.

## OUTLOOK

Management continues to pursue the following objectives:

- Continuing the transition from Phase I to Phase II by blending increasing amounts of LFZ ore with plans to reach 1,250 mtpd by mid-calendar 2017.
- Further evaluating ore pre-concentration (DMS); engineer a potential shaft rehabilitation; and improve gold recovery at the Nugget Pond Mill. All these potentially provide further upside opportunities with the goal to further reduce unit costs in Phase III.
- Continuing to advance development headings into new high grade MMS zones to allow for further exploration both up-dip and down-dip to increase mine resource and reserves.
- Commence surface exploration diamond drilling program aimed to double the current plunge length of the known LFZ mineralization.
- Nugget Pond's gold processing circuit is currently idle however it could potentially be operated in conjunction with the copper concentrator. Rambler will continue assessing regional gold projects, for example the former producing Hammerdown Gold mine, with the goal of adding a second source of revenue outside of the Ming Mine.

See 'Forward Looking Information' in Appendix 5 for a description of the factors that may cause actual results to differ from forecast.

## FINANCIAL REVIEW

Q1/17 Results (US\$000's)	Commentary	Comparatives			
		Q4/16	B/(W)*	Q1/16	B/(W)
5,725	<b>Revenue</b> of US\$5.7 million in Q1/17 was generated through the sale of 3,249 dmt of copper concentrate containing 887 tonnes of saleable copper metal, 452 ounces of saleable gold compared with US\$5.4 million from the sale of 3,272 dmt of copper concentrate in Q4/16. Revenue in Q1/16 was generated through the sale of 4,296 dmt of copper concentrate containing 1,125 tonnes of saleable copper metal and 2,115 ounces of saleable gold. The reduction in revenue from Q1/16 reflects lower saleable metal sold as a result of lower head grades.	5,396	6%	7,660	(25)%
6,492	<b>Production costs</b> relate to the processing and mining costs associated with Group's Ming Mine production and include processing and mining costs of US\$1.3 million (Q4/16: US\$1.3 million, Q1/16: US\$1.1) and US\$5.2 million (Q4/16: US\$4.9 million, Q1/16: US\$3.7 million) respectively. Costs are higher in Q1/17 due to increased production.	6,224	(4)%	4,849	(34)%
863	<b>General and administrative expenses</b> were higher than the previous quarter mainly due sundry income of \$184,000 received in Q4/16 together with an increase in general expenses of \$44,000 offset by reductions in staff costs of US\$53,000, promotional and travel expenses of US\$54,000 and a reduction in legal and professional costs of US\$42,000. In comparison to Q1/16 administrative expenses increased by US\$133,000. Staff costs increased by US\$75,000, legal and professional costs increased by US\$112,000 mainly as a result of increased audit and accountancy costs in relation to the yearend financials and promotional and travel costs increased by US\$29,000 reflecting increased marketing activity.	793	(9)%	730	(18)%
(26)	<b>Gain/(loss) on derivative financial instruments.</b> During the quarter the net unrealised fair value gain adjustment recognized was US\$26,000 being the difference in the commodity prices at time of provisional invoicing and anticipated commodity prices upon final settlement. During Q4/16 the net unrealised fair value loss adjustment recognized was US\$120,000 being the difference in the commodity prices at time of provisional invoicing and anticipated commodity prices upon final settlement offset by a realised gain of US\$1,158,000. During Q1/16 the net unrealised fair value gain adjustment recognized was US\$227,000 being the difference in the commodity prices at time of provisional invoicing and anticipated commodity prices upon final settlement.	1,038	(103)%	(227)	88%
201	<b>Foreign exchange differences</b> arising on the Gold Loan resulted in a gain in Q1/17 as a result of the strengthening of the Canadian Dollar against the US Dollar during the quarter.	(373)	153%	1,044	(81)%
1,137	<b>Income tax credit/(expense).</b> A deferred tax credit of \$1,137,000 was recognised on the loss for the quarter. This compares with a credit of \$2,859,000 in Q4/16 and a charge of \$331,000 for Q1/16.	2,859	(60)%	(293)	488%
1,162	<b>Mineral property.</b> The group incurred costs of \$1.2 million in the quarter. The cost includes labour costs of US\$0.6 million and underground development costs of US\$0.6 million. The costs are slightly higher than in Q4/16 and in Q1/16 as a result of increased development meters.	1,013	(15)%	1,083	(7)%
1,764	<b>Capital spending on property, plant and equipment</b> increased by US\$0.4 million during the quarter compared to Q4/16 and included the purchase of two scoop trams and mill upgrade works Expenditure was US\$0.5 million higher than in Q1/16.	1,344	(31)%	1,225	(44)%

\*B / (W) = Better / (Worse)

## SUMMARY OF QUARTERLY RESULTS

The quarterly results for the Group for the last eight fiscal quarters are set out in the following table.

<b>Quarterly Results</b> <i>(All amounts in 000s of US Dollars, except Loss per share figures)</i>	<b>4<sup>th</sup> Quarter</b>	<b>3<sup>rd</sup> Quarter</b>	<b>2<sup>nd</sup> Quarter</b>	<b>1<sup>st</sup> Quarter</b>
<b>Calendar 2017</b>				Jan – Mar
Revenue				5,725
(Loss)/profit before impairment and tax				(3,906)
Net (loss) income				(2,769)
(Loss)/earnings per Share (Basic & Diluted)				(0.005)
Fully allocated cost net of by-products (C3) per pound of saleable copper				4.57
<b>Calendar 2016</b>	Oct - Dec	Jul - Sep	Apr - Jun	Jan – Mar
Revenue	5,396	6,686	8,278	7,660
(Loss)/profit before impairment and tax	(4,423)	(3,256)	(1,490)	1,030
Net (loss) income	(1,565)	(10,794)	(1,050)	737
(Loss)/earnings per Share (Basic & Diluted)	(0.004)	(0.026)	(0.007)	0.005
Fully allocated cost net of by-products (C3) per pound of saleable copper	4.27	2.94	2.79	2.26
<b>Fiscal 2016</b>	Nov – Jan*	Aug - Oct*	May - Jul*	
Revenue	6,009	8,503	7,103	
(Loss)/profit before impairment and tax	(1,501)	420	1,708	
Net Income	(1,115)	277	(5,927)	
(Loss)/earnings per Share (Basic & Diluted)	(0.003)	0.001	(0.041)	
Fully allocated cost net of by-products (C3) per pound of saleable copper	2.78	2.28	2.76	

\* *closest comparative quarters*

Since 2012, when commercial production commenced at the Project, the Company's results have been, and are expected to continue to be, influenced by the operational results of the Mine. Financial results are impacted by the levels of copper concentrate production, the costs associated with that production and the selling prices of the concentrate. The prices for the copper, gold and silver contained in the concentrate are determined using prevailing international prices in US Dollars whereas the majority of the mine costs are in Canadian Dollars.

Volatility of revenue and earnings over the past two years is due to the combined effect of changes in volumes and fluctuations in metal prices and the fluctuation of the US Dollar exchange rate.

## **LIQUIDITY, CAPITAL RESOURCES AND FINANCIAL POSITION**

Historically the Company has been successful in accessing the equity and debt markets to finance the acquisition and initial development of the Project. In future, the Company plans to fund operational requirements through internally generated cash flow, proceeds from the exercise of warrants, debt offerings and, if necessary, additional equity financing.

The Company continually reviews operational results, expenditures and additional financial opportunities in order to ensure adequate liquidity to support its growth strategy while maintaining or increasing production levels at the Ming Mine. However, there is no guarantee that the Company will have access to future capital or the ability to generate positive cash flows.

Cash flows utilised in investing activities amounted to US\$2.0 million for the quarter. Cash of US\$1.2 million was spent on the Company's mineral property and \$0.8 million was spent on property, plant and equipment.

Cash flows from financing activities during the period amounted to US\$7.0 million, consisting of US\$8.3 million from the exercise of warrants net of expenses offset by repayments of the gold loan of US\$0.1 million, finance lease repayments of US\$0.6 million and advance purchase repayments of US\$0.6 million.

The Company is required to hold Letters of Credit in favour of the Government of Newfoundland and Labrador in respect of the reclamation and closure liability at the Project. At period end the Group holds bearer deposit notes totalling US\$3.3 million.

Sales of copper concentrate are in US Dollars and the majority of the Company's expenses are incurred in Canadian Dollars. The Company's principal exchange rate risk relates to movements between the Canadian and US Dollar. The Gold Loan is repayable from future sales of gold mitigating the exchange risk. Management will closely monitor exchange fluctuation and consider the use of forward exchange contracts as required.

Interest rates on the capital leases and short term borrowings are fixed, eliminating interest rate risk.

### Financial Instruments

The Company's principal financial assets comprise: cash and cash equivalents, restricted cash, available for sale investments, derivative financial instruments and trade and other receivables. The Company's financial liabilities comprise trade payables; other payables; and interest bearing loans and borrowings.

All of the Company's financial liabilities are measured at amortised cost.

The Board of Directors determines, as required, the degree to which it is appropriate to use financial instruments and hedging techniques to mitigate risks. The main risks for which such instruments may be appropriate are foreign currency risk, liquidity risk, credit risk, interest rate risk and commodity price risk each of which is discussed in note 25 of the financial statements for the period ended December 31, 2016.

## COMMITMENTS AND LOANS

### Commitments

The group had no outstanding commitments at the quarter end.

### Gold Loan

In March, 2010, the Company entered into an agreement (“Gold Loan”) with Sandstorm Resources Limited (“Sandstorm”) to sell a portion of the life-of-mine gold production from its Ming Mine. Under the terms of the agreement, Sandstorm made staged upfront cash payments for the gold to the Company totaling US\$20 million.

For this, in each production year following the first year of production, until 175,000 oz of payable gold has been produced, the Company has agreed to sell to Sandstorm a percentage equal to 25% x (85% divided by the actual percentage of metallurgical recovery of gold realized in the immediately preceding production year). If the payable gold production in any production year after the third production year is less than 15,000 ounces, then in each such production year, Sandstorm payable gold shall not be less than 25% of the payable gold. The percentage of payable gold of 25% falls to 12% after 175,000 oz of payable gold has been produced and remains payable for the remainder of the period ending 40 years after the date of the agreement. After the expiry of the 40 year term, the agreement is renewable in 10 year terms at the option of Sandstorm.

At March 31, 2017, the Group has produced 39,393 payable ounces of gold of which 12,131 ounces were transferrable to Sandstorm under the agreement as follows:

Production year	Payable gold ounces produced	Ounces transferrable
Pre-production	15,429	4,937
1	4,888	1,280
2	5,945	1,904
3	5,408	1,689
4	6,905	2,069
5 (to date)	818	252
<b>Total</b>	<b>39,393</b>	<b>12,131</b>

The Gold Loan is accounted for as a financial liability carried at amortised cost. In determining the effective interest rate implicit in the cash flows arising from the loan the cash flows are forecast based on management’s best estimates of the time of delivery of payable gold, the total amount of gold expected to be produced over the mine life and the timing of that production.

Total interest of \$439,000 (Q1/16: \$92,000) was charged during the period.

## **COMMITMENTS AND LOANS (continued)**

### **Advance Purchase Agreement**

In July 2015 the Group entered into a purchase agreement with Transamine Trading S.A. ("Transamine") wherein Rambler has extended its off-take agreement with Transamine with respect to concentrate from the Project until December 31, 2021.

Pursuant to the terms of the Purchase Agreement, Transamine agreed to purchase in advance, at Rambler's option, up to US\$5 million of concentrate (the "Advance Purchase Payments") to be used for working capital requirements along with the development and construction of Rambler's Lower Footwall Zone optimisation plan (Phase II) at the Project.

The Company drew down US\$3 million of Advance Purchase Payments and further advances are no longer available under the agreement.

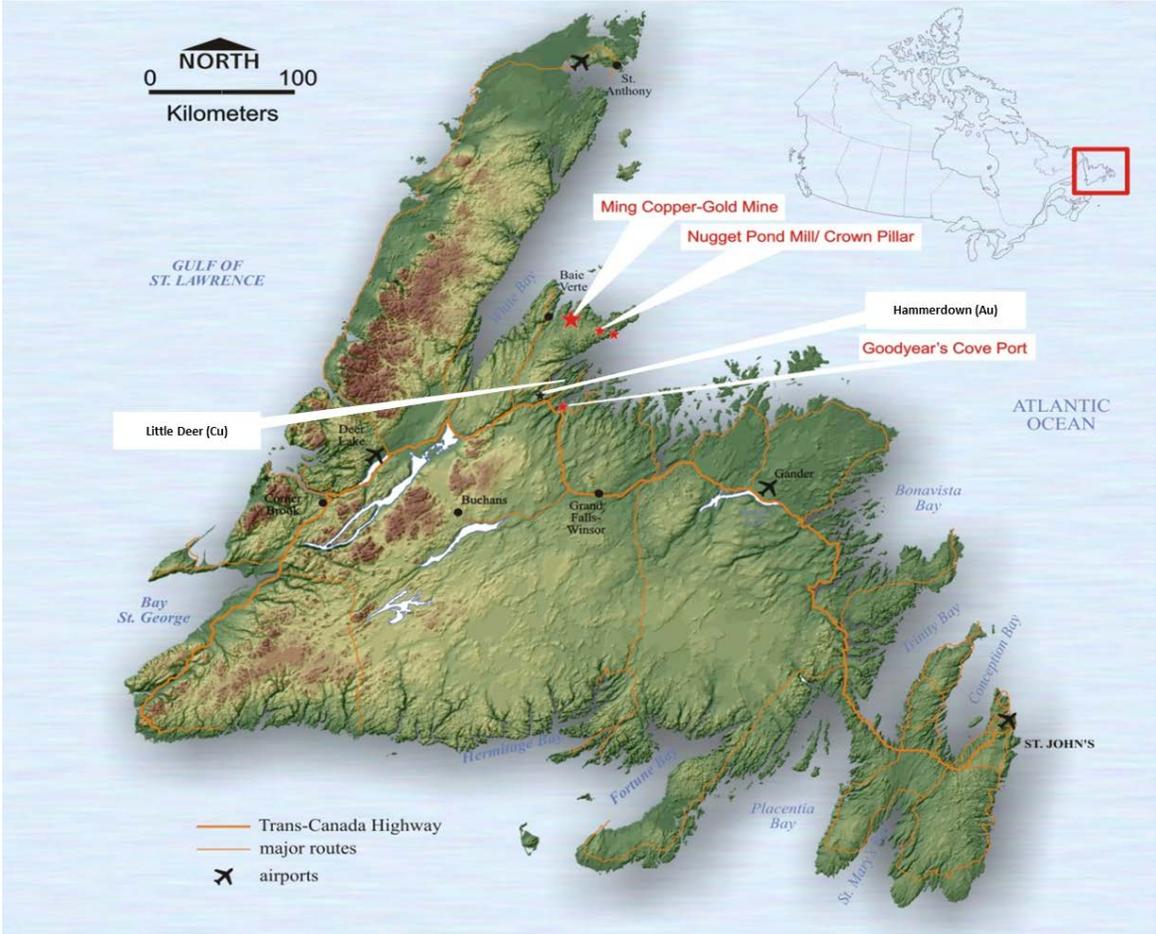
At March 31, 2017 the balance was US\$592,000. The loan is repayable by twelve monthly instalments of US\$176,005 plus interest at 3 month LIBOR plus 7.5%. The repayment by instalments commenced July 15, 2016.

The advance purchase payments of US\$3,000,000 have been accounted for as a financial liability carried at amortised cost.

### **Loan and lease balances**

At March 31, 2017, interest bearing loans and borrowings, including finance lease commitments, of US\$3.04 million. The Company entered into finance lease commitments of US\$1.0 million to finance the acquisition of underground mobile equipment during the quarter.

# APPENDIX 1 - LOCATION MAP



## APPENDIX 2 - SELECTED FINANCIAL INFORMATION & REVIEW OF OVERALL PERFORMANCE

<b>Financial Highlights</b> <i>(All amounts in 000s of US Dollars, unless otherwise stated)</i>	<b>Three months ended,</b>		
	<b>March 31, 2017</b>	<b>December 31, 2016</b>	<b>March 31, 2016</b>
Concentrate sales (dmt)	3,249	3,272	4,297
Average revenue per pound of Cu (\$)	2.63	2.36	2.13
Revenue	5,725	5,396	7,660
Production costs	6,492	6,225	4,849
Administrative expenses	863	793	730
Net (loss)/income	(2,769)	(1,135)	737
Cash Flow generated from operating activities	(2,123)	158	2,404
Cash Flow used in investing activities	(1,956)	(2,432)	(2,233)
Cash Flow used in financing activities	6,992	1,440	(957)
Net increase/(decrease) in cash	2,913	(3,623)	(786)
Cash and cash equivalents at end of period	5,094	2,156	374
Total Assets	88,968	82,491	82,545
Total Liabilities	(26,384)	(26,122)	(24,895)
Working Capital	123	(3,214)	(8,308)
Weighted average number of shares outstanding ('000s)	535,605	414,290	145,958
Earnings/(loss) per share (\$)	(0.005)	(0.003)	0.006

### APPENDIX 3 – NON-GAAP FINANCIAL MEASURES

The Company has included non-GAAP performance measures throughout this document. These include: net direct cash cost (C1) per pound of saleable copper, fully allocated costs (C3) per pound of saleable copper and earnings before interest, taxes, depreciation, amortisation ('EBITDA').

C1 and C3 costs per pound of saleable copper are common performance measures in the mining industry but do not have any standardized meaning. Total cash operating costs include mine site operating costs (mining, processing and refining, in-mine drilling expenditures, administration, and production taxes), but are exclusive of other costs (non-cash inventory valuation adjustments, reclamation, capital, long-term development and exploration). These measures, along with sales, are considered to be key indicators of the Company's ability to generate operating earnings and free cash flows from its mining operations. The Company believes that certain investors use this information to evaluate the Company's performance and ability to generate cash flows. These should not be considered in isolation as a substitute for measures of performance prepared in accordance with IFRS and are not necessarily indicative of production costs presented under IFRS. The following tables provide reconciliation of said costs to the Company's financial statements for the quarter ended March 31, 2017:

<b>Cash Operating Cost</b> <i>All amounts in 000s of US Dollars except pounds of copper produced</i>	<b>Three months ended</b>			<b>Year to Date at Mar 31,</b>	
	<b>Mar 31, 2017</b>	<b>Dec 31, 2016</b>	<b>Mar 31, 2016</b>	<b>2017</b>	<b>2016</b>
<b>Production Costs per Financial Statements</b>	\$ 6,492	\$ 6,225	\$ 4,849	\$ 6,492	\$ 4,849
<b>Cash Production Costs</b>	\$ 6,492	\$ 6,225	\$ 4,849	\$ 6,492	\$ 4,849
On-site general administration costs	546	312	410	546	410
By-product credits	(407)	(990)	(1,823)	(407)	(1,823)
<b>Net direct cash costs (C1)</b>	\$ 6,631	\$ 5,547	\$ 3,436	\$ 6,631	\$ 3,436
Pounds of saleable copper (000's)	1,956	1,855	2,481	1,956	2,481
<b>C1 cost per pound of saleable copper</b>	\$ 3.39	\$ 2.99	\$ 1.39	\$ 3.39	\$ 1.39

### APPENDIX 3 - NON-GAAP FINANCIAL MEASURES (continued)

<b>C3 per Pound of Saleable Copper</b> <i>All amounts in 000s of US Dollars except pounds of saleable copper</i>	Three months ended			Year to date at Mar 31,	
	Mar 31, 2017	Dec 31, 2016	Mar 31, 2016	2017	2016
Net direct cash costs (see above)	\$ 6,631	\$ 5,547	\$ 3,437	\$ 6,631	\$ 3,437
Depreciation and amortisation	1,907	1,773	1,711	1,907	1,711
Corporate Cash Expense	317	481	303	317	303
Cash Interest Expense	78	114	162	78	162
<b>Fully allocated costs (C3 cost)</b>	<b>\$ 8,933</b>	<b>\$ 7,915</b>	<b>\$ 5,613</b>	<b>\$ 8,933</b>	<b>\$ 5,613</b>
Pounds of saleable copper	1,956	1,855	2,481	1,956	2,481
<b>C3 cost per pound of saleable copper</b>	<b>\$ 4.57</b>	<b>\$ 4.27</b>	<b>\$ 2.26</b>	<b>\$ 4.57</b>	<b>\$ 2.26</b>

<b>Earnings before interest, tax and depreciation</b> <i>All amounts in 000s of US Dollars</i>	Three months ended			Year to date at Mar 31,	
	Mar 31, 2017	Dec 31, 2016	Mar 31, 2016	2017	2016
<b>(Loss)/profit after tax per Financial statements</b>	<b>\$ (2,769)</b>	<b>\$ (1,565)</b>	<b>\$ 737</b>	<b>\$ (2,769)</b>	<b>\$ 737</b>
Taxation	(1,137)	(2,859)	293	(1,137)	293
Net interest	546	1,692	169	546	169
Depreciation and amortisation	1,907	1,773	1,711	1,907	1,711
<b>EBITDA</b>	<b>\$ (1,453)</b>	<b>\$ (959)</b>	<b>\$ 2,910</b>	<b>\$ (1,453)</b>	<b>\$ 2,910</b>

## **APPENDIX 4 - CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

The details of the Company's accounting policies are presented in accordance with International Financial Reporting Standards as set out in Note 2 to the financial statements. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year.

The following estimates are considered by management to be the most critical for investors to understand some of the processes and reasoning that go into the preparation of the Company's financial statements, providing some insight also to uncertainties that could impact the Company's financial results.

### *Going Concern*

Historically the Company has been successful in accessing the equity and debt markets to finance the acquisition and initial development of the Project. In future, the Company plans to fund operational requirements through internally generated cash flow, proceeds from the exercise of warrants, debt offerings and, if necessary, additional equity financing.

The Company continually reviews operational results, expenditures and additional financial opportunities in order to ensure adequate liquidity to support its growth strategy while maintaining or increasing production levels at the Project. However, there is no guarantee that the Company will have access to future capital or the ability to generate positive cash flows.

Based on the above management concludes that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus it continues to adopt the going concern basis of accounting in preparing the financial statements.

### *Share-based payments*

The Company calculates the cost of share based payments using the Black-Scholes model. Inputs into the model in respect of the expected option/warrant life and the volatility are subject to management estimates and any changes to these estimates may have a significant effect on the cost. The assumptions used in calculating the cost of share based payments are explained in notes 6 and 20 of the financial statements for the period ended December 31, 2016.

### *Gold Loan*

The Company calculates the effective interest rate on the Gold Loan based on estimates of future cash flows arising from the sale of payable gold (see note 23 of the financial statements for the period ended December 31, 2016). The cash flows will be dependent on the production of gold and its selling price at the time of delivery which have been estimated in line with the mine plan, future prices of gold and resource and reserve estimates. Management's estimates of these factors are subject to risk and uncertainties affecting the amount of the interest charge. Any changes to these estimates may result in a significantly different interest charge which would affect the income statement and the corresponding Gold Loan liability.

## **APPENDIX 4 - CRITICAL ACCOUNTING POLICIES AND ESTIMATES (continued)**

### Mineral Property and Exploration and Evaluation Costs

The directors have assessed whether there are any indicators of impairment in respect of mineral property and exploration and evaluation costs. In making this assessment they have considered the Company's business plan which includes resource estimates, future processing capacity, the forward market and longer term price outlook for copper and gold. Resource estimates have been based on the most recently filed NI43-101 report and its opportunities economic model which includes resource estimates without conversion of its inferred resources. Management's estimates of these factors are subject to risk and uncertainties affecting the recoverability of the Company's mineral property and exploration and evaluation costs. After consideration of the above factors, the directors do not consider that there are any indicators that mineral property and exploration and evaluation costs are impaired at the quarter end.

### Amortisation of Mineral Property

Amortisation of the Mineral Property is calculated on a unit of production method expected to amortise the cost including future forecast capital expenditure over the expected life of the mine based on the tonnes of ore expected to be extracted. Any changes to these estimates may result in an increase in the amortisation charge with a corresponding reduction in the carrying value of the Mineral Property.

### Closure Costs

The Company has an obligation to reclaim its Project after the minerals have been mined from the site, and has estimated the costs necessary to comply with existing reclamation standards. These estimates are recorded as a liability at their fair values in the periods in which they occur. If the estimate of reclamation costs proves to be inaccurate, the Company could be required to increase the provision for site closure and reclamation costs, which would increase the amount of future reclamation expense, resulting in a reduction in the Company's earnings and net assets.

### Revenue

Revenues are subject to variation after the date of sale due to assay, price and foreign exchange fluctuations. Management monitors these changes closely and at the end of the period the directors will consider whether the effect of these variations are material on the whole and determine whether an adjustment is therefore appropriate.

### Available for sale investments

Management considers that they do not have significant influence over the financial and policy decisions of the entities in which investment has been made and therefore have included the investments as available for sale investments.

### Deferred tax

The Company has incurred losses which will be available for offset against future taxable profits and one of the subsidiaries has tax credits available to offset against future tax liabilities. Following the declaration of commercial production in the previous year it has been concluded that the Company has sufficient evidence of future taxable profits to justify the recognition of a deferred tax asset. If future taxable profits prove to be insufficient the Company could be required to reduce the deferred tax asset which would result in a reduction in the Company's earnings and net assets.

## APPENDIX 4 - CRITICAL ACCOUNTING POLICIES AND ESTIMATES (continued)

### CHANGES IN ACCOUNTING POLICIES

The Company has adopted all of the new and revised Standards and Interpretations that are relevant to its operations and effective for accounting periods beginning on or after 1 January 2015. The adoption of these new and revised Standards and Interpretations had no material effect on the profit or loss or financial position of the Company.

No standards issued but not yet effective have been adopted early.

International Financial Reporting Standards that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting period ended December 31, 2016:

<b>IFRS /Amendment</b>	<b>Title</b>	<b>Nature of change to accounting policy</b>	<b>Application date of standard</b>	<b>Application date for Company</b>
IFRS 9	Financial instruments: Classification and Measurement	No change to accounting policy, therefore, no impact	January 1, 2018	January 1, 2018
IFRS 15	Revenue from contracts with customers	No change to accounting policy, therefore, no impact	January 1, 2018	January 1, 2018
IFRS 16	Leases	No change to accounting policy, therefore, no impact	January 1, 2019	January 1, 2019

Management have reviewed the impact of the above Standards and Interpretations and have concluded that they will not result in any material changes to previously reported results.

Details of the main accounting policies of the Group are included in note 2 of the financial statements for the period ended December 31, 2016.

## APPENDIX 5 – OTHER MATTERS

### Outstanding Share & Option Data

As at the date of this MD&A the following securities are outstanding:

Security	Shares issued or Issuable	Weighted Average Exercise Price
Common Shares	549,289,702	--
Warrants	65,000,000	US\$0.066
Options	13,154,000*	US\$0.14

\*if all options have fully vested

For further assistance Mr. Peter Mercer, Corporate Secretary can be reached directly at +1-709-800-1929 ext.500 or pmercer@ramblermines.com.

### Forward Looking Information

This MD&A contains "forward-looking information" ("FLI") which may include, but is not limited to, statements with respect to the Company's objectives and strategy, future financial or operating performance of the Company and its projects, 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 exploration and development, environmental risks, title disputes or claims and limitations of insurance coverage. All statements, other than statements of historical fact, are forward-looking statements. Often, but not always, statements containing FLI can be identified by the use of words 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 state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur be achieved or continue to be achieved. Forward-looking statements are based on opinions, estimates and assumptions of management considered reasonably at the date the statements are made. Key assumptions include without limitation, the price of and anticipated costs of recovery of, copper concentrate, gold and silver, the presence of and continuity of such minerals at modeled grades and values, the capacities of various machinery and equipment, the availability of personnel, machinery and equipment at estimated prices, mineral recovery rates, and others. Investors are cautioned however that forward-looking statements necessarily involve both 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 future results, performance or achievements expressed or implied by the FLI. Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; conclusions of economic evaluations; availability and cost of credit; fluctuations in Canadian Dollar interest rates; fluctuations in the relative value of United States Dollars, Canadian Dollars and British Pounds; changes in planned parameters as plans continue to be refined; fluctuations in the market and forward prices of copper, gold, silver or certain other commodities; possible variations of ore grade or recovery rates; failure of equipment; accidents and other risks of the mining exploration industry; political instability, insurrection or war; 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 "Risks and Uncertainties" in the Report of Directors for the period ended December 31, 2016. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in the FLI contained in this MD&A, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended.

## APPENDIX 5 – OTHER MATTERS (continued)

### Forward Looking Information (continued)

Unless stated otherwise, statements containing FLI herein are made as of the date of this MD&A and the Company disclaims any intention or obligation and assumes no responsibility to update or revise any FLI contained herein, whether as a result of new information, future events or otherwise, except as required by applicable law.

Other than as required by applicable securities law, the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. 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. All of the forward-looking statements made in this MD&A are qualified by these cautionary statements. Accordingly, readers should not place undue reliance on forward-looking statements. The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward looking statements.

<b>FLI statements</b>	<b>Assumptions</b>	<b>Risk Factors</b>
Continued positive cash flow	Actual expenditures from operations will not exceed revenues	Expenditures exceeding revenues resulting from fluctuations in the market and forward prices of copper, gold, silver or certain other commodities, or increased costs of production, or production stoppages or shortfalls
Continued mining and milling the exposed massive sulphide and LFZ workplaces with further exploration up-dip and down-dip	Achieving the planned capital and operating development and production targets; and, timely completion of drill bays to allow commencement of exploration drilling	Development delays reducing access to production ore
Increase production from the Ming Mine to allow the optimization of the Nugget Pond copper concentrator at 1,250 mtpd and potentially allow the gold hydromet to be operated independently and/or simultaneously with the copper concentrator	Successful completion of a detailed engineering review of existing infrastructure and availability of finance from cash flow from operations	Economic viability

### Further information

Additional information relating to the Company is on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's web site at [www.ramblermines.com](http://www.ramblermines.com).