



**Management's Discussion and Analysis
Quarterly Highlights**

For the six months ended September 30, 2018

(Expressed in Canadian dollars)

Cipher Resources Inc.
Management’s Discussion and Analysis – Quarterly Highlights
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The following is management’s discussion and analysis – quarterly highlights (“MD&A”) of the results of operations and financial condition of Cipher Resources Inc. (the “Company” or “Cipher”) for the six months ended September 30, 2018 and up to the date of this MD&A, and has been prepared to provide material updates to the business operations, financial condition, liquidity and capital resources of the Company since its last management discussion and analysis for the fiscal year ended March 31, 2018 (the “Annual MD&A”).

This MD&A should be read in conjunction with the Annual MD&A and the audited financial statements for the year ended March 31, 2018, together with the notes thereto, and the accompanying unaudited condensed interim financial statements and related notes thereto for the six months ended September 30, 2018 (the “Financial Report”).

All financial information in this MD&A is derived from the Company’s Financial Report prepared in accordance with International Financial Reporting Standards (“IFRS”) and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

The effective date of this MD&A is November 21, 2018.

DESCRIPTION OF COMPANY

Cipher is a publicly-traded company incorporated under the laws of British Columbia, Canada. The Company’s shares are listed on the TSX Venture Exchange (“TSX-V”) and trade under the symbol CIPR. The corporate office of the Company is located at 503 – 570 Granville Street, Vancouver, BC, V6C 3P1 and the registered and records office of the Company is located at Unit 1 – 15782 Marine Drive, White Rock, BC, V4B 1E6.

The Company is primarily focused on the identification and investment in opportunities in lower mid-market precious and base metal mining projects, specifically those in production and at a late stage of development.

OPERATIONAL HIGHLIGHTS

The Company is well financed, with no debt and a strengthened management team and board of directors and the Company has been actively investigating and conducting due diligence on several potential acquisition opportunities. Investments will focus on the precious metals nature resource industries, concentrating on production and development stage projects. The Company will focus on streams and royalties but may employ other investment instruments, including equity, bridge loans, secured loans, unsecured loans, convertible debentures, warrant and options, net profits interests and other hybrid instruments.

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During the six months ended September 30, 2018 and up to the date of this MD&A, the Company completed the following:

- Two non-brokered private placements through the issuance of an aggregate of 47,789,000 units at a price of \$0.10 per unit for gross proceeds of \$4,778,900. Each unit consists of one common share and one common share purchase warrant exercisable into one common share at a price of \$0.15 for a period of three years from the date of issue.
- The Company entered into agreements (the "Agreements") with each of Endeavour Financial Limited (Cayman) ("Endeavour Financial") and SGG Consulting Ltd. ("SGG") (formerly with Cipher Research Ltd.) to provide the Company with additional financial and technical expertise.

Pursuant to the Agreements, each of Endeavour Financial and SGG have been retained to:

- Conduct due diligence in connection with potential opportunities in the resource sector, including potential streams and royalties ("Business Investments");
- Identify, structure and negotiate transactions for possible Business Investments; and
- Develop and assist in the execution of the Business Investments.

Entering into any Business Investment remains subject to the approval of the board of directors of the Company (the "Board").

Each Agreement is for an initial term of four years, renewable for one-year terms annually thereafter unless terminated pursuant to its terms. Each of Endeavour Financial and SGG will be paid a fee for its services equal to one-half of one percent (0.5%) per annum of the total amount of capital invested by the Company in Business Investments during that annual period; and three and three quarters percent (3.75%) of the gross profits received by the Company from Business Investments during that annual period, provided that the fee shall be no less than \$12,500 per month.

In addition, the Company has entered into a relationship agreement with Endeavour Financial, that provides them with anti-dilution provisions and the right to nominate three of six directors to the Board, for so long as Endeavour Financial has a pro-rata interest above 9.9% (currently +12%) or the Agreement remains in force. Endeavour Financial's nominee directors on the Board are currently Guy-Philippe Bertin, Paul Mainwaring and George Pyper.

The Company also entered into a relationship agreement with SGG, that provides them with the right to nominate three of six directors to the Board, for so long as the Agreement with SGG remains in force. SGG's nominee directors on the Board are currently Elena Tanzola, Jim Mustard and Duncan Gordon.

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TRENDS

The Company is primarily focused on lower mid-market precious and base metal mining projects, specifically those in production and at a late stage of development.

Issues of seasonality or market fluctuations have a minor impact on the expenditure patterns. The Company expenses its exploration, project investigation and general and administration costs, and these amounts are included in the net loss for each quarter. The Company's treasury, in part, determines the levels of activities.

The level of the Company's project investigation expenditures is largely determined by the strength of the resource capital and commodity markets and its ability to obtain investor support for its activities.

RESULTS OF OPERATIONS

During the six months ended September 30, 2018, the Company recorded a net loss of \$657,780 (2017 – \$665,060).

The significant changes between the current period and the comparative period are discussed below:

Consulting fees for the six months ended September 30, 2018 were \$423,415 compared to \$196,200 in the prior period. Consulting fees in the current period included \$30,000 (2017 - \$Nil) paid to the Chief Executive Officer, \$57,500 (2017 – \$49,000) paid for the services of the Chief Financial Officer, Corporate Secretary and related services, \$107,982 paid to Endeavour Financial and \$227,933 paid to a third party to provide consulting services to the Company, and \$Nil (2017 - \$147,200) paid to directors of the Company related to consulting services provided.

Project evaluation and business development fees for the six-month period ended September 30, 2018 were \$125,000 compared to \$Nil in the prior period. As described above, the Company has engaged Endeavour Financial and SGG to provide the Company with additional financial and technical expertise for a fee of \$12,500 per month since May 5, 2018.

Profession fees for the six-month period ended September 30, 2018 were \$11,575 compared to \$53,248 in the prior period. This category includes legal fees of 23,725 as well as a credit to audit fees of \$(12,150) related to the over accrual of audit fees in the year ended March 31, 2018.

Property investigation costs for the period ended September 30, 2018 were \$Nil compared to \$305,880 in the prior period. The Company engaged unrelated third parties to investigate various projects for acquisition or investment.

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LIQUIDITY AND CAPITAL RESOURCES

The Company began the fiscal period with \$931,394 cash. During the six months ended September 30, 2018, the Company expended \$1,239,922 on operating activities, net of working capital changes, spent \$16,275 on investing activities and received \$3,247,575 net cash from financing activities to end at September 30, 2018 with \$2,922,772 cash.

By June 14, 2018, the Company closed a non-brokered private placement through the issuance of 41,779,000 units at a price of \$0.10 per unit for gross proceeds of \$4,177,900, of which \$924,700 was received prior to the current period. The Company also paid cash finder’s fees and other share issue costs of \$396,580.

On August 7, 2018, the Company closed a non-brokered private placement through the issuance of 6,010,000 units at a price of \$0.10 per unit for gross proceeds of \$601,000. Each unit consists of one common share and one common share purchase warrant exercisable into one common share at a price of \$0.15 for a period of three years. The Company paid finders’ fees of \$31,680 in cash and issued 316,800 common share purchase warrants of the same terms as described above.

As at September 30, 2018, the Company had working capital of \$2,947,064. Management estimates that these funds will provide the Company with sufficient financial resources to carry out currently planned operations through the next twelve months.

RELATED PARTY TRANSACTIONS

The Company had no other related party transactions other than those incurred in the normal course of business as disclosed in the Financial Report.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

The Company has no deferred exploration and evaluation assets to report in the Financial Report.

SHARE CAPITAL

Outstanding share data as at the date of this MD&A is as follows:

	Common Shares Issued and Outstanding	Common Share Purchase Warrants	Common Share Purchase Options
Balance at September 30, 2018 and the date of this MD&A	60,006,690	49,001,720	85,000

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A may include or incorporate by reference certain statements or disclosures that constitute “forward-looking information” under applicable securities laws. All information, other than statements of historical fact, included or incorporated by reference in this MD&A that addresses activities, events or developments that the Company or its management expects or anticipates will or may occur in the future constitute forward-looking information. Forward-looking information is provided through statements that are not historical facts and are generally, but not always, identified by the words “expects”, “plans”, “anticipates”, “believes”, “intends”, “estimates”, “projects”, “potential” and similar expressions, or that events or conditions “will”, “would”, “may”, “could” or “should” occur or continue. These forward-looking statements are based on certain assumptions and analyses made by the Company and its management in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances.

Although the Company believes such forward-looking information and the expectations expressed in them are based on reasonable assumptions, investors are cautioned that any such information and statements are not guarantees of future realities and actual realities or developments may differ materially from those projected in forward-looking information and statements. Whether actual results will conform to the expectations of the Company is subject to a number of risks and uncertainties, including those risk factors discussed elsewhere in the MD&A and the Annual MD&A. In particular, if any of the risk factors materialize, the expectations, and the predictions based on them, the Company may need to be re-evaluated. Consequently, all of the forward-looking information in this MD&A and the documents incorporated herein by reference is expressly qualified by these cautionary statements and other cautionary statements or factors contained herein or in documents incorporated by reference herein, and there can be no assurance that the actual results or developments anticipated by the Company will be realized or, even if substantially realized, that they will have the expected consequences for the Company.

Forward-looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made. Unless otherwise required by law, the Company expressly disclaims any intention and assumes no obligation to update or revise any forward-looking statements in the event that management's beliefs, estimates or opinions, or other factors, should change, whether as a result of new information, future events or otherwise, and the Company does not have any policies or procedures in place concerning the updating of forward-looking information other than those required under applicable securities laws. Accordingly, readers should not place undue reliance on forward-looking statements or forward-looking information.

ADDITIONAL INFORMATION

Additional information relating to the Company is available at www.sedar.com and on the Company's website at www.cipherresources.com.