

# Sky Gold Corp.

## Management's Discussion and Analysis

### Period Ended Report – September 30, 2019

(Expressed in Canadian dollars, unless otherwise noted)

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*Following is a discussion and analysis of the activities, results of operations and financial condition of Sky Gold Corp. ("Company") for the period ended September 30, 2019 compared to the period ended September 30, 2018. The discussion should be read in conjunction with the audited consolidated financial statements of the Corporation for the year ended June 30, 2019 and the notes thereto. The Corporation's financial statements and financial data set out below have been prepared by management in accordance with International Financial Reporting Standards applicable to the annual financial statements. Unless otherwise denoted, all amounts discussed herein are denominated in Canadian dollars.*

*Additional information relating to the Corporation is also available on the System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com).*

The effective date of this report is November 27, 2019.

## OVERVIEW

The Company was incorporated on January 8, 2008, pursuant to the *Business Corporations Act* (British Columbia), the Company's trading symbol is SKYG on the TSX Venture Exchange ("TSX-V").

The Company's principal business is the exploration and pursuit of multiple mineral properties in Canada and United States.

On April 16, 2019 the Company changed its name to Sky Gold Corp.

## MINERAL PROPERTIES

### Evening Star Property, Nevada, USA

**On November 23, 2016**, the Company entered into an option agreement to earn a 100% interest in the Evening Star Property. The cumulative acquisition terms to acquire an 80% interest in the Evening Star Property are cumulative cash payments of US \$195,000 (US \$60,000 paid), the issuance of 550,000 shares of the Company over three years to one party, and cash payments of US \$45,000 by June 4, 2018 (US \$20,000 paid) and 200,000 shares over a three year period to an underlying second party.

The Company has a second option to increase its interest by a further 20% (to 100%) by paying the first party US \$200,000 and issuing 500,000 shares, and paying the second party US \$250,000, over an additional 24 month period.

The Net Smelter Royalty ("NSR") of 0.5 % will be granted to the first party. An additional 2% NSR will be granted to the second party, of which 1% can be purchased for cancellation at the Company's option for US \$500,000, and the remaining 1% NSR can be purchased for cancellation for US \$1,000,000, for a period of five years commencing after the exercise of the second option.

The property is located 12 kilometers southeast of Hawthorne, Nevada in the prolific Walker Lane Structural Zone of the west-central part of the state (see PR dated December 1, 2016). The Evening Star Property comprises 13 core claims and 30 newly located claims, totally 820 acres (323 ha). The property covers two historic, formerly producing mines, the Evening Star mine and the Gold Bug mine.

Company geologists performed a second site visit January 15th and will be joined by Hrayr Agnerian, P.Geo. of Ontario who was the geologist on the project in 1970 when a drill hole intersected, near the Gold Bug mine area, a wide zone of lead, zinc and silver mineralization, with minor copper values over 169.0 metres (554.5 feet) had a weighted average of 93.2 grams per tonne silver (2.72 ounces per ton silver), 3.29 per cent lead, 1.45 per cent zinc and 0.22 per cent copper.

Past exploration works consisted in partial geological mapping, rock sampling and the drilling of one diamond drill hole, in which two intercepts were reported:

- From 48.5 meters (159 feet) returned 6.1 m (20 ft.) averaging 408 g/t Ag (11.9 oz/t Ag), 14.88 % Pb, 4.70 % Zn and 0.16 % Cu;
- A second intercept from 76.8 meters (252 feet) returned 18.6 meters (61.0 ft.) averaging 277.8 g/t Ag (8.10 oz/t Ag), 9.73 % Pb, 5.36 % Zn and 0.27% Cu.

Surface samples collected in 2002 by the previous owners, Consolidated Goldfield Ltd (“CGF”), also identified several gold anomalies ranging up to 11.31 g/t Au gold (0.33 oz/t) from the historic Evening Star mine area 2.

The principal exploration targets are the extensions of the replacement gold zones of the Evening Star deposit, along its northeast strike and southeast plunge and the contact metamorphic calc-silicate skarn located in the northern portion of the claim block.

The Evening Star Mine shows a similar geological context as La Panta Mine located about 1.6 km to the west and is known as a replacement or manto type deposit where free gold is contained in irregular masses of siliceous ferruginous locally jasperoidal gossan material forming replacement bodies in limestone. The Gold Bug Mine is a skarn type deposit where copper mineralization occurs along the contact between quartz monzonite and limestone. The property is readily accessible by well-maintained dirt roads, south for approximately 9 kilometers from U.S. Highway 95. Despite the mining history that dates from the early 1900’s, the property has seen little modern exploration.

The reader is cautioned that these historic drill-hole results (1968) were completed prior to the implementation of National Instrument 43-101, and must be considered only as a historic reference. Neither the Company nor its qualified persons have done sufficient work to verify this historic drill hole. Additional work including surface geophysics, drilling and borehole geophysics may need to be completed to verify the mineralization presented in this historic drill hole.

**On June 22, 2017**, the Company reported significant developments resulting in the commencement of a maiden diamond drill program, on the Evening Star Property, located 12 kilometers southeast of Hawthorne, Nevada. The Evening Star Property comprises 43 claims covering 820 acres (323 ha) in the prolific Walker Lane Structural Zone of the west-central part of the state.

Recent developments include:

- The Notice of Work permit was recently received from the Bureau of Land Management (BLM), and a reclamation bond has been posted, and a diamond drilling program has commenced;
- The initial target is focused on the semi-massive to massive sulphide (zinc-lead-silver) mineralization that does not outcrop, but was intersected in a 1970 diamond drill hole with significant intercepts of 6.1 meters (“m”) averaging 408 grams per tonne silver (11.88 ounces per ton silver), 14.88 per cent lead, 4.7 per cent zinc and 0.16 per cent copper, from a depth of 48.3 m, and a second intercept of 18.6 m, averaging 277.8 grams per tonne silver (8.10 ounces per ton silver), 9.73 per cent lead, 5.36 per cent zinc and 0.27 per cent copper, (see press release dated Dec. 1, 2016).
- The Company has recently purchased a data package on the Evening Star Property, which has assisted the geological interpretation. Included in this package was a complete report by H. G. Agnerian on the 1970 diamond drill program. Also included was a geological map and cross sections (with assays) completed by Phelps Dodge Mining Co., (“Phelps Dodge”) in 1991, on the property.
- Copper was the primary focus of the Phelps Dodge program, with most drill holes directed at the copper oxide mineralization on the Gold Bug target, however hole 91-4 intersected 12.2 m interval averaging 1.75 % copper. This hole plots higher than the 1970 drill hole, and is interpreted to represent the upper extent of the semi-massive to massive sulphide target. Hole 91-4 also averaged 0.45 grams per tonne gold over a

width of 7.6 m, from a depth of 21.3 m. This represents the first indication of gold values in this target, as the 1970 core was not assayed for gold.

The reader is cautioned that these historic results were completed prior to the implementation of National Instrument 43-101, and must be considered only as a historic reference, and should not be relied upon. Neither the Company nor its qualified persons have done sufficient work to classify or verify this historic drill hole.

Garry Clark, P.Geo, a qualified person as defined by National Instrument 43-101, is the independent qualified person responsible for reviewing and approving the technical contents of this press release as they pertain to the Evening Star property.

**On July 25, 2017**, the Company reported significant drill intercepts from hole 17-02 on the Evening Star Property, located 12 kilometers southeast of Hawthorne, Nevada. Core intercepts returned values up to 7.45 percentage (%) copper (Cu), 1.81 grams per tonne gold (g/t Au), and 138.0 g/t silver (Ag). The Evening Star Property is located approximately 3.2 km north-east of Newrange Gold Corp’s recent drill activity on the Merritt zone and Merritt decline area on the Pamlico property. Recent staking activity in the area by Newrange may have made the properties contiguous.

Hole ES 17-02 was an angled (-45°) diamond drill hole, drilled due west in the Gold Bug area of the Evening Star Property. From the collar, hole 2 returned 17.5 ft. (5.3 meters) averaging 0.84 g/t Au, 105.3 g/t Ag, 5.09 % Cu, 0.09 % lead (Pb) and 0.86% zinc (Zn). The table below summarizes the sampling and results:

From	To	Interval (ft)	g/t Au	g/t Ag	ppm Cu	% Cu	ppm Pb	ppm Zn	% Zn
0.0	5.0	5.0	1.815	113.0	>10000	1.08	1280	1240	0.124
5.0	11.0	6.0	0.219	105.0	>10000	7.45	542	3870	0.387
11.0	16.0	5.0	0.743	88.0	>10000	6.99	1135	>10000	1.56
16.0	17.5	1.5	0.409	138.0	>10000	2.64	101	>10000	2.86
<b>Weighed Av.</b>		17.5	0.841	105.3		5.09	884.49		0.86
17.5	21.0	3.5	0.034	1.7	1100	0.11	17	1800	0.18
21.0	24.7	3.7	0.026	0.9	127		4	298	
not sampled from 24.7 to 136.0 ft									

Due to time constraints with the drilling contractor, only two short holes were completed, at this time. Hole ES 17-01 was an angled (-45°) hole drilled in a northwest direction, to a depth of 367.3 ft. (112.0 meters), and intercepted anomalous copper from 32.3 to 41.7 ft., 1,924 ppm Cu over 9.4 ft., and from 56.7 to 66.5 ft., 1,887 ppm Cu over 9.8 ft.

Hole ES-17-02 described above was drilled to 362.0 ft. (110.3 meters).

During the drill program, Company personnel located a drill collar in the field believed to represent hole 91-4 drilled by Phelps Dodge. This drill hole from 65 ft. (19.8 m) intersected 40 ft. (12.2 m) averaging 1.75 % copper. Drill hole 91-4 also averaged 0.45 grams per tonne gold over a width of 7.6 m, from a depth of 21.3 m.

Garry Clark, PGeo, a qualified person as defined by National Instrument 43-101, is the independent qualified person responsible for reviewing and approving the technical contents of this press release as they pertain to the Evening Star property.

**On January 16, 2018**, the Company reported a new surface discovery on the Evening Star Property, located 16 kilometers southeast of Hawthorne, Nevada.

- Recent assay results indicate a significant zone of gold silver and copper mineralization discovered through sampling of old workings known as the “Golden Bomber” and “Golden Eagle” prospects. The new mineralized target area is designated as “Golden Highlands (GH) Zone”.
- Gold values up to 25.9 grams per tone (g/t Au), silver values up to 318.0 g/t Ag, copper peaks of 6.14% Cu were returned from surface samples over an area of approximately 300 x 200 meters (see table below). A total of 10 rock samples were taken from these new locations:

Sample #	Type *	Width (m)	Au g/t	Ag g/t	Cu ppm	Pb ppm	Zn ppm
MJM-01	Chip	0.15	<b>25.90</b>	<b>102.0</b>	<b>10,100</b>	4,920	157
MJM-02	Chip	0.20	0.47	46.5	3,710	3,800	222
MJM-08	Grab		<b>1.32</b>	6.7	3,120	1,335	48
MJM-09	Grab		<b>14.25</b>	<b>143.0</b>	7,750	5,200	246
MJM-10	Grab		<b>13.90</b>	<b>318.0</b>	<b>14,900</b>	1,360	118
MJM-11	Chip	0.30	<b>1.86</b>	1.3	189	160	270
MJM-19	Grab		<b>1.39</b>	244	<b>61,400</b>	180	4,640
CS-08	Chip	0.15	<b>9.23</b>	7.1	2,060	349	61
2802	Chip	0.50	0.03	2.3	4,120	67	2,420
2803	Chip	1.00	0.02	7.2	171	9	4,060

*\* Grab samples are selective samples and are not necessarily representative of the mineralization hosted on the property. Chip samples are multiple rock chips taken over a specific interval. **Samples plus 1.00 Au g/t, 100 g/t or 1.00% copper are in bold.***

- The new zone of mineralization is hosted in granodiorite, associated with limonitic fractures and shears, drusy and vuggy quartz-calcite veining, and weak to moderate copper staining. The historic works comprise old shafts, prospect pits and trenches
- The Golden Highlands area is approximately 1.2 kilometers west-north-west of the Gold Bug zone, the principal target on the Evening Star property, with follow-up drilling planned for the first quarter of 2018 (Press Release July 25, 2017, drill hole ES 17-02 intercepting 5.3m of 0.84 grams per tonne gold (g/t Au), 105.3 g/t Ag, and 5.09 % Cu).
- To the best of the Company’s knowledge there has been no drilling on the Gold Highlands targets. Crews will be returning to the site shortly to conduct additional surface exploration on the GH targets and prior to drilling commencing on the Gold Bug Zone.

All samples from the surface program were sent to the laboratory, ALS USA Inc, Reno, Nevada, a facility accredited by ISO/IEC 17025 (Lab 790) of the Standards Council of Canada. All samples were collected by company personnel and securely stored until delivery to ALS. This limited sampling program relies on the certified standards utilized by ALS as part of its analysis protocols. No quality assurance/quality control anomalies were noted in the analyses.

Garry Clark, P. Geo, a qualified person as defined by National Instrument 43-101, is the independent qualified person responsible for reviewing and approving the technical contents of this press release as they pertain to the Evening Star property.

**On April 18, 2018**, the Company commenced a drill program on the Evening Star Property, located 16 kilometers southeast of Hawthorne, Nevada. Sunvest has contracted Altar Drilling Inc. based out of Tucson, Arizona, to perform the diamond drill program.

The Evening Star property comprises 43 claims covering 820 acres (323 ha) in the prolific Walker Lane Structural Zone of the west-central part of the state. The Property is prospective for copper, gold, silver, lead, and zinc mineralization in favourable volcanic, intrusive and limestone sedimentary host rock units. The Evening Star property is located approximately 3.2 km northeast of Newrange Gold Corp.’s recent drill activity on the Merritt zone and Merritt decline area on the Pamlico property.

Activities by the Company in June 2017 on the Evening Star property comprises a modest diamond drill program of 222.3 meters in two holes. Both holes intersected copper mineralization, with hole ES17-02, returning:

- 17.5 feet (5.3 metres) averaging 0.84 g/t Au, 105.3 g/t Ag, 5.09 per cent Cu, 0.09 per cent lead (Pb) and 0.86 per cent zinc (Zn).

Due to time constraints with the drilling contractor, only two short holes were completed at this time. Hole ES 17-01 intercepted anomalous copper from a depth 9.8 meters, of 0.19 per cent Cu over a 2.9 meter drill width, and from a depth of 17.3 meters, 0.19% Cu over a 3.0 meter drill width.

Historic drilling completed by Phelps Dodge Mining Co. in 1991, on the property, was focused primarily on copper mineralization with the following intersections:

- Hole 91-3, from a depth of 42.7 meters, returned 0.24 % Cu over a 15.2 meter drill width;

- Hole 91-4, from a depth of 19.8 meters, returned 1.75 % Cu, over a 12.2 meter drill width;
- Hole 91-5, from a depth of 42.7 meters, returned 0.16% Cu, over a 7.6 meter drill width.

Assay information is incomplete for the Phelps Dodge drilling respect to gold and silver values.

The current proposed drill program will comprise 650 to 1,000 meters of diamond drilling, in 3 to 4 holes, with a primary focus on area where a single 1970 drill holes (D-E-01) returned:

- significant intercepts of 6.1 metres averaging 408 grams per tonne silver (11.88 ounces per ton silver), 14.88 per cent lead, 4.7 per cent zinc and 0.16 per cent copper, from a depth of 48.3 m, and
- a second intercept of 18.6 m, averaging 277.8 grams per tonne silver (8.10 ounces per ton silver), 9.73 per cent lead, 5.36 per cent zinc and 0.27 per cent copper (see press release dated Dec. 1, 2016).
- Hole D-E-01 had a wide halo of copper, lead, zinc and silver mineralization, from a depth of 3.4 meters averaging 0.22% Cu, 84.3 g/t Ag, 3.24 % Pb and 1.41 % Zn. Note, hole D-E01 was not assayed for gold. The geologist on drill hole E-D-01, H. G. Agnerian, has visited the site on behalf of the Company in February 2017, and is a consultant to the Company.

**On July 11, 2018**, the Company reported assay results from the diamond drill and surface sampling program on the Evening Star Property, located 16 kilometers southeast of Hawthorne, Nevada. This program concludes work at Evening Star and the Company is now in advanced stages of preparation for upcoming programs at its Clone project in the Golden Triangle, BC.

A total of three short diamond drill holes comprising 439.4 meters were completed in the “Gold Bug” target, which is prospective for copper, gold, silver, lead, and zinc mineralization in favourable volcanic, intrusive and limestone sedimentary host rock units.

The following table summarizes the results:

Hole #	From (m)	To (m)	Width (m)	Au ppm	Ag ppm	Cu ppm	Pb ppm	Zn ppm	Cu % Eqv
<b>ES-18-03</b>	32.49	46.94	<b>14.45</b>	0.02	4.1	2104	30	214	0.27%
including	32.49	35.54	3.05	0.07	6.5	4585	39	453	0.57%
including	38.16	40.78	2.62	0.03	5.2	3323	52	238	0.40%
<b>ES-18-03</b>	112.93	116.28	3.35	0.06	1.4	654	15	74	0.12%
including	115.37	116.28	0.91	0.20	1.7	965	25	54	0.23%
<b>ES-18-03</b>	140.36	141.12	0.76	0.03	1.9	2580	16	148	0.30%
<b>ES-18-03</b>	154.53	155.81	<b>1.28</b>	0.31	135.0	890	324	113	1.29%
or	154.53	157.89	3.35	0.13	53.9	894	132	102	0.58%
<b>ES-18-04</b>	41.61	48.22	6.61	0.01	6.0	1914	26	278	0.25%
including	44.35	45.42	1.07	0.04	14.8	8580	95	773	1.03%
<b>ES-18-04</b>	125.88	130.45	4.57	0.08	11.1	6792	4	234	0.82%
<b>ES-18-05</b>				NSV	NSV	NSV	NSV	NSV	

The drill results were interpreted and assessed based on copper equivalent grades (CuEq) of plus/equal to 0.50 per cent CuEq, and plus/equal to 0.20 per cent CuEq. Copper equivalents are calculated based on the values of copper, silver and zinc, and metal prices of \$1,250 /ounce gold, \$16.00/ounce for silver, 2.85/pound for copper, 1.05/ pound for lead, and \$1.25/pound for zinc.

All three drill holes (Hole ES 18-03, 04 and 05) were drilled from one site, approximately 50 meters east of, and about 15 meters lower in elevation, than hole ES-17-02 which returned 17.5 feet (5.3 metres) averaging 0.84 g/t Au, 105.3 g/t Ag, 5.09 per cent Cu, 0.09 per cent lead (Pb) and 0.86 per cent zinc (Zn), from the collar (see SSS PR – July 27, 2017).

The Company is also pleased to report on a new surface discovery in a historic area known as the Good Hope #2 Mine, on the Evening Star property. Recent assay results indicate a significant zone of gold and silver mineralization hosted in fractured and sheared granodiorite. Gold values up to 20.30 grams per tone (g/t Au), silver values up to 82.4 g/t Ag and copper peaks of 0.19 per cent Cu were returned from surface samples over a strike length of approximately 500 meters trending NNW (North-North-West) from the northern location of the Gold Bug target. Lead is strongly anomalous in this target. Although numerous dozer trenches and pits, and a few shallow shafts are noted in the target area, there is no evidence or knowledge of any drilling. The company cautions investors that the Good Hope sampling is preliminary in nature and that grab samples are selected samples and are not necessarily representative of the mineralization on the property.

Highlights: GOOD HOPE MINE AREA -SAMPLING							
SAMPLE	TYPE	Width (m)	Au ppm	Ag ppm	Cu ppm	Pb ppm	Zn ppm
CS-06	Channel	0.50	0.83	3.4	55	697	32
CS-05	Channel	0.50	0.39	6.2	128	554	31
CS-26	Grab		4.83	18.0	28	53	42
CS-25	Channel	0.30	5.49	1.4	1900	83	8
CS-24	Channel	0.35	6.16	29.4	931	1585	23
CS-23	Grab		20.30	82.4	165	748	29

**On July 11, 2017**, the Company reported that assay results from the diamond drill and surface sampling program on the Evening Star Property, located 16 kilometers southeast of Hawthorne, Nevada. This program concludes work at Evening Star and the Company is now in advanced stages of preparation for upcoming programs at its Clone project in the Golden Triangle, BC.

A total of three short diamond drill holes comprising 439.4 meters were completed in the “Gold Bug” target, which is prospective for copper, gold, silver, lead, and zinc mineralization in favourable volcanic, intrusive and limestone sedimentary host rock units.

The following table summarizes the results:

Hole #	From (m)	To (m)	Width (m)	Au ppm	Ag ppm	Cu ppm	Pb ppm	Zn ppm	Cu % Eqv
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<b>ES-18-03</b>	140.36	141.12	0.76	0.03	1.9	2580	16	148	0.30%
<b>ES-18-03</b>	154.53	155.81	<b>1.28</b>	0.31	135.0	890	324	113	1.29%
or	154.53	157.89	3.35	0.13	53.9	894	132	102	0.58%
<b>ES-18-04</b>	41.61	48.22	6.61	0.01	6.0	1914	26	278	0.25%
including	44.35	45.42	1.07	0.04	14.8	8580	95	773	1.03%
<b>ES-18-04</b>	125.88	130.45	4.57	0.08	11.1	6792	4	234	0.82%
<b>ES-18-05</b>				NSV	NSV	NSV	NSV	NSV	

The drill results were interpreted and assessed based on copper equivalent grades (CuEq) of plus/equal to 0.50 per cent CuEq, and plus/equal to 0.20 per cent CuEq. Copper equivalents are calculated based on the values of copper,

silver and zinc, and metal prices of \$1,250 /ounce gold, \$16.00/ounce for silver, 2.85/pound for copper, 1.05/ pound for lead, and \$1.25/pound for zinc.

All three drill holes (Hole ES 18-03, 04 and 05) were drilled from one site, approximately 50 meters east of, and about 15 meters lower in elevation, than hole ES-17-02 which returned 17.5 feet (5.3 metres) averaging 0.84 g/t Au, 105.3 g/t Ag, 5.09 per cent Cu, 0.09 per cent lead (Pb) and 0.86 per cent zinc (Zn), from the collar (see SSS PR – July 27, 2017).

The Company is also pleased to report on a new surface discovery in a historic area known as the Good Hope #2 Mine, on the Evening Star property. Recent assay results indicate a significant zone of gold and silver mineralization hosted in fractured and sheared granodiorite. Gold values up to 20.30 grams per tone (g/t Au), silver values up to 82.4 g/t Ag and copper peaks of 0.19 per cent Cu were returned from surface samples over a strike length of approximately 500 meters trending NNW (North-North-West) from the northern location of the Gold Bug target. Lead is strongly anomalous in this target. Although numerous dozer trenches and pits, and a few shallow shafts are noted in the target area, there is no evidence or knowledge of any drilling. The company cautions investors that the Good Hope sampling is preliminary in nature and that grab samples are selected samples and are not necessarily representative of the mineralization on the property.

Highlights: GOOD HOPE MINE AREA -SAMPLING							
SAMPLE	TYPE	Width (m)	Au ppm	Ag ppm	Cu ppm	Pb ppm	Zn ppm
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CS-24	Channel	0.35	6.16	29.4	931	1585	23
CS-23	Grab		20.30	82.4	165	748	29

## Clone Gold Property

On September 28, 2017, the Company reported that it had signed both a Purchase Agreement (as to 50%) and an Option Agreement (as to 50%) thereby acquiring an aggregate 100% interest in the high-grade gold-cobalt Clone Gold Project (“Clone Property”) situated about 20 kilometers southeast of Stewart in the Golden Triangle region of northwestern British Columbia. Significantly, this represents the first time in 22 years that the iconic project has been controlled by one owner since the initial discovery of gold and cobalt in 1995.

The Clone Property was worked aggressively from 1995 to 1997 by partners, Teuton Resources Corp (“Teuton”) and Minvita Enterprise Ltd. (“Minvita”), funded by a major, Homestake Mining Corp., and Murray Pezim’s flagship company, Prime Resources Corp. Activity waned after 1997, but drilling resumed in 2003, with a joint venture to earn 50% with Lateegra Resource Corp.

The Clone Property comprises 4,621 hectares, with a logging road running east up the Marmot River from tidewater in the Portland Canal to a point about 9 km northwest of the property. The main area of interest to date is a roughly a 4 km by 4 km square with much of the southern areas sections only recently exposed by retreating ice. This process of glacial melt, known as ablation, greatly increases the ease with which previously difficult or unreachable ground can now be accessed.

The property lies 16 km southwest of IDM Mining’s development-stage Red Mountain project. It was reconnaissance efforts by Teuton surrounding the Red Mountain discovery that culminated in the discovery of unusual gold and gold cobalt bearing shear structures on the Clone Property.

High-grade gold and gold-cobalt mineralization was discovered by Teuton-Silver Grail prospectors in 1995 within a series of shears exposed over a strike length of 500 meters and a vertical range of 130 meters. Trenching of the shears returned values ranging up to 3.59 oz/ton gold over 5.5m (18 feet). Significant cobalt values were found to accompany gold in the southeast portion of the zone.

## Terms

On September 27, 2017, the Company entered into an option agreement with Makena Resources Inc. to acquire a 50% interest in a series of mining claims known as the Clone Gold Property located in British Columbia, Canada for the following consideration:

- i) issuance of 3,000,000 common shares (issued at a value of \$300,000);
- ii) cash payment of \$100,000 on or before October 5, 2018 (paid); and
- iii) cash payment of \$200,000 on or before October 5, 2019 (paid);

In addition, the Company assumed \$72,386 of Makena Resources Inc. debt held by Teuton Resources Corp. in consideration of acquiring an interest in the property.

Concurrently, the Company entered into an option agreement (amended) with Teuton Resources Corp. and Silver Grail Resources Ltd. to acquire the remaining 50% interest in the Clone Gold Property for the following consideration:

### Cash payment

- i) cash payment of \$25,000 upon execution of the agreement (paid);
- ii) cash payment of \$50,000 on or before October 5, 2018 (paid); and
- iii) cash payment of \$100,000 on or before October 5, 2019.

### Share issuance

- i) issuance of 1,500,000 common shares upon execution of the agreement (issued at a value of \$150,000);
- ii) issuance of 2,000,000 common shares on or before October 5, 2018 (issued at a value of \$90,000); and
- iii) issuance of 2,000,000 common shares on or before October 5, 2019.

Exploration expenditures

- i) incur exploration expenditures of \$350,000 on or before October 5, 2018 (incurred);
- ii) incur exploration expenditures of \$600,000 on or before October 5, 2019 (incurred); and
- iii) incur exploration expenditures of \$1,000,000 on or before October 5, 2020.

A 2% NSR will be granted to the vendors with 1% purchasable by the Company for \$1,500,000.

During the year ended June 30, 2018, the Company entered into a debt settlement agreement with Teuton Resources Corp. whereby \$72,386 of indebtedness, pursuant to the acquisition of the Clone Gold Property from Makena Resources Inc., was settled for \$10, of which resulted in a gain of \$72,376.

Subsequent to September 30, 2019, the Company abandoned the property acquisition, and as a result, the Company wrote off exploration and evaluation assets of \$1,856,429 during the period ended September 30, 2019. The Company also issued 2,000,000 common shares pursuant to the option agreement, however, as the obligations were no longer required by the Company, the Company is in negotiation with the vendors to have the share certificate to be returned and cancelled.

**Roy Mine Cobalt-Silver Property**

On August 22, 2016, the Company entered into an agreement to acquire a 100% interest in the Roy Mine Property, Ontario.

In consideration of the Roy Mine Property, the Company shall make the following payments:

- i) issue 900,000 shares (issued at a value of \$138,000) to the vendors.
- ii) issue 600,000 shares to the vendors (issued at a value of \$51,000) and incur work commitments of \$50,000 (incurred) on August 22, 2017.

A 2% NSR will be granted to the vendors with 1% purchasable by the Company for \$1,000,000.

During the year ended June 30, 2017, the Company entered into a joint venture agreement with Battery Mineral Resources Ltd. (“Battery”), whereby Battery will have the right to earn up to an 80% interest in the Roy Mine Property. The agreement required Battery to make the following payments:

- a) acquire a 40% interest in consideration of:
  - i) non-refundable cash payment of \$50,000 upon execution of the agreement (paid);
  - ii) incur exploration expenditures of \$100,000 on or before January 31, 2018 (incurred).
- b) acquire an additional 20% interest in consideration of:
  - i) non-refundable cash payment of \$50,000 on or before January 31, 2019 (paid);
  - ii) 150,000 common shares on or before January 31, 2019 (or \$30,000 non-refundable cash payment in lieu of shares at Battery’s option) (paid); and
  - iii) incur exploration expenditures of \$200,000 on or before January 31, 2019 (incurred).
- c) acquire an additional 15% interest in consideration of:
  - i) cash payment of \$50,000 on or before January 31, 2020;
  - ii) 150,000 common shares on or before January 31, 2020 (or \$37,500 cash in lieu of shares at Battery’s option); and
  - iii) incur exploration expenditures of \$200,000 on or before January 31, 2020.
- d) acquire the remaining 5% interest in consideration of 150,000 common shares (or \$45,000 cash in lieu of shares at Battery’s option).

During the year ended June 30, 2018, Battery acquired the initial 40% interest in the property. The Company exercised their right to acquire the additional 20% interest during the year ended June 30, 2019.

## LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2019, the Company had cash and cash equivalents of \$15,852 (June 30, 2019 - \$595,105) and a working capital deficiency of \$37,075 (working capital of \$840,612 at June 30, 2019). The change is due primarily to exploration activities at mineral properties.

Cash flows used in operating activities was \$104,496 as at September 30, 2019 (2018 - \$567,995). It was lower in the current period primarily because of decreased operating costs during the current period.

Cash flows used in investing activities was \$655,029 as at September 30, 2019 (2018 – \$448,706). The changes related to exploration activities by the Company for exploration, a metric which has periodic variability, and option payments for mineral properties.

Cash flows provided by financing activities was \$180,272 as at September 30, 2019 (2018 – \$1,257,414). It was higher in the comparative period primarily due to proceeds received from private placement and loan repayments.

As at September 30, 2019 and as at the date of this report, the Company had not advanced its mineral properties to commercial production. The Company’s continuation as a going concern is dependent not only upon successful results from exploration activities on its mineral properties but also its ability to raise capital and attain profitable operations. In the foreseeable future, the Company will have to rely on the issuance of shares or the exercise of options and warrants or the issuance of debt securities to fund ongoing operations. The ability of the Company to raise capital will depend on market conditions; it may not be possible for the Company to raise capital on acceptable terms or at all.

## QUARTERLY RESULTS

Quarter Ended	Total Assets	Revenue	(Loss) income for the period	Basic and Diluted (Loss) earnings per share
December 31, 2017	\$2,653,098	\$Nil	\$(286,308)	\$(0.01)
March 31, 2018	2,543,584	Nil	(323,039)	(0.01)
June 30, 2018	2,570,383	Nil	(160,931)	(0.01)
September 30, 2018	2,983,736	Nil	(1,287,557)	(0.02)
December 31, 2018	2,901,934	Nil	(191,966)	(0.00)
March 31, 2019	2,725,216	Nil	(266,839)	(0.00)
June 30, 2019	2,762,382	Nil	(1,073,379)	(0.02)
September 30, 2019	737,123	Nil	(2,018,947)	(0.02)

### *Period Ended September 30, 2019*

The Company incurred a net loss of \$162,518 for the period ended September 30, 2019, as compared to a net loss of \$1,287,557 for the comparative period.

A brief explanation of the significant changes in expense categories is provided below:

- i) Consulting of \$142,825 (2018 - \$182,550) decreased primarily due less consulting services incurred during the current period.
- ii) Flow through recovery of \$82,532 (2018 - \$Nil) primarily due to exploration activities by the Company in the current period.
- iii) Investor relations of \$4,130 (2018 - \$22,933) decreased due to cost-saving effort during the current period.

- iv) Write-off of exploration and evaluation assets of \$1,856,429 (2018 - \$975,744) primarily due to the Company abandoning the Clone Gold Property during the current period.

## SHAREHOLDERS' EQUITY

### Common shares

At November 27, 2019, the Company had 117,967,303 common shares outstanding.

The following tables disclose the number of warrants and options outstanding as at November 27, 2019:

### Warrants

Expiry date	Number of warrants outstanding and exercisable	Exercise price
February 20, 2020	5,000,000	\$ 0.12
June 27, 2020	5,000,000	0.06
June 27, 2020	10,000,000	0.07
June 27, 2020	1,327,700	0.05
October 29, 2020	100,000	0.50
June 15, 2021	6,840,000	0.10
August 23, 2021	12,964,000	0.10
	41,231,700	

### Stock options

Number of options	Number of options vested	Exercise Price	Expiry Date
3,000,000	3,000,000	\$0.05	25-January-2020
250,000	250,000	0.05	27-February-2020
2,700,000	2,700,000	0.05	1-May-2020
1,150,000	1,150,000	0.05	13-June-2020
350,000	350,000	0.05	30-July-2020
750,000	750,000	0.06	1-August-2020
1,250,000	1,250,000	0.06	8-August-2020
350,000	350,000	0.07	16-August-2020
9,800,000	9,800,000		

## REGULATORY DISCLOSURES

### *Off-Balance Sheet Arrangements*

The Company has not entered into any material off-balance sheet arrangements.

### *Financial instruments*

#### *Fair values of financial instruments*

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The Company's financial instruments consist of cash, subscription receivable, accounts payable and accrued liabilities and convertible debentures.

	Fair Value Hierarchy Level	September 30, 2019	June 30, 2019
<b>Financial assets</b>		\$	\$
Cash	1	15,852	595,105

- (1) The carrying value of cash, subscription receivable, and accounts payable and accrued liabilities approximates fair value due to the short-term nature of these items.

#### *Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash is exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness.

#### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not consider its exposure to interest rate risk to be significant.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's goal is to have sufficient capital or access to capital to allow it to meet its liabilities when they become due. This goal has not been fully met in recent periods thereby increasing the liquidity risk. As at September 30, 2019, the Company had a working capital deficiency of \$37,075 as compared to working capital of \$840,612 at June 30, 2019. The Company intends to meet its current obligations in the following year with funds to be raised through private placements, shares for debt, loans and related party loans.

***Related Party Transactions***

The Company’s related parties include its subsidiaries and key management personnel. Transactions with related parties for goods and services are made on normal commercial terms and are considered to be at arm’s length.

During the period ended September 30, 2019 and 2018, the Company incurred the following expenses charged by key management personnel and companies controlled by key management personnel:

	<b>Period ended September 30, 2019</b>	<b>Period ended September 30, 2018</b>
	\$	\$
Office management services	36,000	36,000
Share-based compensation	15,900	-
	51,900	36,000

Included in accounts payable and accrued liabilities at September 30, 2019 is \$6,300 (June 30, 2019 - \$ Nil) owed to companies owned by current and former officers/directors of the Company.

During the year ended June 30, 2018, the Company received a non-interest bearing loan of \$206,500 from a company controlled by key management personnel. During the year ended June 30, 2019, the loan was repaid in full.

***Capital Risk Management***

The Company’s objectives when managing capital are to safeguard its ability to continue as a going concern to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders’ equity (deficit), as well as cash.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash.

The Company is dependent on the capital markets as its primary source of operating capital and the Company’s capital resources are largely determined by the strength of the junior resource markets and by the status of the Company’s projects in relation to these markets, and its ability to compete for investor support of its projects. The Company is not subject to any externally imposed capital requirements. There were no changes in the Company’s approach to capital management during the period.

***Risk and uncertainties***

The operations of the Company are speculative due to the nature of its business which is the investment in the exploration and development of mining properties. These risk factors could materially affect the Company’s future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

The list of risk factors below should not be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of its securities.

***No History or Expectation of Revenue***

The Company is in the business of exploring for, with the ultimate goal of developing and producing, minerals from properties in which the Company has, or may have in the future, an interest. The Company has not commenced commercial production and the Company has no history or earnings or cash flow from its operations. As a result of the foregoing, there can be no assurance that the Company will be able to develop any of its properties profitably or

that its activities will generate positive cash flow. The Company has not paid any dividends and it is unlikely to enjoy earnings or pay dividends in the immediate or foreseeable future. The Company has limited cash and other assets. A prospective investor in the Company must be prepared to rely solely upon the ability, expertise, judgment, discretion, integrity and good faith of the Company's management in all aspects of the development and implementation of the Company's business activities. There is no guarantee that the Company will enter into profitable agreements with mining companies and earn revenue from operations.

#### *Market Price of the Common Shares*

The Common Shares are listed and posted for trading on the TSX-V. The Company's business is in an early stage of exploration and an investment in the Company's securities is highly speculative. There can be no assurance that an active trading market in the Company's securities will be established and maintained. Securities of companies involved in the resource industry have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. The price of the Common Shares is also likely to be significantly affected by short-term changes in commodity prices or in the Company's financial condition or results of operations as reflected in its quarterly earnings reports.

#### *The Company may not realize the benefits of its growth projects*

A number of risks and uncertainties are associated with the development of these types of projects, including political, regulatory, design, construction, labour, geological, operating, technical, and technological risks, uncertainties relating to capital and other costs, and financing risks. The failure to develop one or more of these initiatives successfully could have an adverse effect on the Company's financial position and results of operations.

#### *Current Global Financial Conditions*

Events over the last number of years in global financial markets, including global debt concerns and overall commodity pressure, have had a profound impact on the global economy and global financial conditions have been subject to volatility. Many industries, and particularly the mining sector, are impacted by these market conditions. Some of the key impacts of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets and a lack of market liquidity. A continuing slowdown in financial markets or other economic conditions, including, but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect the Company's business, financial condition, results of operations and ability to grow.

#### *Financing Risk*

The Company is limited in financial resources and has no assurance that additional funding will be available for further exploration and development of its projects or to fulfill its obligations under any applicable agreements. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in delay or infinite postponement of further exploration and development of its projects with the possible loss of such properties. In addition, an inability to raise capital could result in the cessation of operations.

#### *Competition*

The mineral exploration and development industry is highly competitive. The Company competes with other domestic and international mineral exploration companies that have greater financial, human and technical resources. The Company's competitors may be able to respond more quickly to new laws or regulations or emerging technologies, or devote greater resources to the expansion or efficiency of their operations than the Company can. In addition, current and potential competitors may make strategic acquisitions or establish cooperative relationships among themselves or with third parties. Accordingly, it is possible that new competitors or alliances among current and new competitors may emerge and gain significant market share to the Company's detriment. The Company may also encounter increasing competition from other mining companies in the Company's efforts to hire experienced mining professionals. Increased competition could adversely affect the Company's ability to attract necessary capital

funding, to acquire it on acceptable terms, or to acquire suitable properties or prospects for mineral exploration in the future. As a result of this competition, the Company may not be able to compete successfully against current and future competitors, and any failure to do so could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

In addition, there is no assurance that a ready market will exist for the sale of commercial quantities of ore. Factors beyond the control of the Company may affect the marketability of any substances discovered. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital or losing its investment capital.

#### *Risks Associated with Joint Venture Agreements*

Pursuant to agreements the Company may enter into in the course of its business, the Company's interest in its properties may become subject to the risks normally associated with the conduct of joint ventures. In the event that any of the Company's properties become subject to a joint venture, the existence or occurrence of one or more of the following circumstances and events could have a material adverse impact on the Company's profitability or the viability of its interests held through joint ventures, which could have a material adverse impact on the Company's business prospects, results of operations and financial condition: (i) disagreements with joint venture partners on how to conduct exploration; (ii) inability of joint venture partners to meet their obligations to the joint venture or third parties; and (iii) disputes or litigation between joint venture partners regarding budgets, development activities, reporting requirements and other joint venture matters.

#### *Reliance on Key Individuals*

The Company's success depends on its ability to attract and retain the services of key personnel who are qualified and experienced. In particular, the success of the Company is, and will continue to be to a significant extent, dependent on the expertise and experience of the Company's directors and senior management. It is expected that these individuals will be a significant factor in the Company's growth and success. The loss of the service of these individuals could have a material adverse effect on the Company.

The resource industry is largely driven by fluctuations in commodity prices which, when high, can lead to a large number of projects being developed which in turn increases the demand for skilled personnel, contractors, material and supplies. Accordingly, there is a risk to the Company of losing or being unable to secure enough suitable key personnel or key resources and, as a result, being exposed to increased capital and operating costs and delays, which may in turn adversely affect the development of the Company's projects, the results of operations and the Company's financial condition and prospectus.

#### *Commodity Prices*

The price of the Common Shares and the Company's financial results may be significantly adversely affected by a decline in the price of metals. The price of metal commodities fluctuates widely, especially in recent years, and is affected by numerous factors beyond the Company's control such as the sale or purchase of commodities by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major metal-producing countries throughout the world.

#### *Dividend Policy*

No dividends on the Common Shares have been paid by the Company to date. The Company anticipates that it will retain all cash resources for the foreseeable future for the operation and development of its business. The Company does not intend to declare or pay any cash dividends in the foreseeable future.

### *Conflicts of Interest*

Certain of the directors and officers of the Company also serve as directors and/or officers of other companies involved in natural resource exploration, development and mining operations and consequently there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company and its shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest in accordance with the procedures set forth in the *Business Corporations Act* (British Columbia) and other applicable laws. It is understood by the Company that certain directors and officers of the Company may continue to independently pursue opportunities in the mineral exploration industry.

### *Exploration, Development and Operating Risks*

Mining operations and exploration involves a high degree of risk. Any potential mining operations of the Company will be subject to all the hazards and risks normally encountered in the exploration, development and production of metals, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding, fire, environmental hazards and the discharge of toxic chemicals, explosions and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of mines and other producing facilities, damage to property, injury or loss of life, environmental damage, work stoppages, delays in production, increased production costs and possible legal liability. Milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas which may result in environmental pollution and consequent liability. Although the Company believes that appropriate precautions to minimize risks are taken, these risks cannot be eliminated.

The exploration for and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned or other mining operations in which the Company may acquire an interest will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, including among other things: the interpretation of geological data obtained from drill holes and other sampling techniques, the particular attributes of the deposit, such as size, grade and proximity to infrastructure and labor; metal and commodity prices which are highly cyclical; government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection; and political stability. The Company's development projects are also subject to the issuance of necessary permits and other governmental approvals and receipt of adequate financing. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may adversely affect the Company's business.

### *Exploration Costs*

The estimates of costs to conduct further exploration work by the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realized in practice, which may materially and adversely affect the Company's viability.

### *Environmental Regulation, Risks and Hazards*

All phases of mining operations are subject to environmental regulation in the jurisdictions in which they operate. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, 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. Compliance with changing environmental laws and regulations may require significant capital outlays, including obtaining additional permits, and may cause material changes or delays in, or the cancellation of, the

Company's exploration programs or current operations. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's mining operations.

Furthermore, environmental hazards may exist on the properties on which the owners or operators of mining operations hold interests which are unknown to such owners or operators at present and which have been caused by previous or existing owners or operators of the properties.

Government approvals and permits are currently, and may in the future be, required in connection with mining operations at the Company's properties. To the extent such approvals are required and not obtained, mining operations may be curtailed or prohibited from continuing operations or from proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. The occurrence of any environmental violation or enforcement action may have an adverse impact on the Company's operations and reputation.

Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material adverse impact on mining operations and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

#### *Governmental Regulation*

Mining operations and exploration activities are subject to extensive laws and regulations governing exploration, development, production, exports, taxes, labor standards, waste disposal, protection and remediation of the environment, reclamation, historic and cultural resources preservation, mine safety and occupation health, handling, storage and transportation of hazardous substances and other matters. The costs of discovering, evaluating, planning, designing, developing, constructing, operating, and other facilities in compliance with such laws and regulations are significant. It is possible that the costs and delays associated with compliance with such laws and regulations could become such that the owners or operators of mining operations would not proceed with the development of or continue to operate a mine. As part of their normal course operating, and development activities, such owners or operators have expended significant resources, both financial and managerial, to comply with governmental and environmental regulations and permitting requirements, and will continue to do so in the future. Moreover, it is possible that future regulatory developments, such as increasingly strict environmental protection laws, regulations and enforcement policies thereunder, and claims for damages to property and persons resulting from mining operations could result in substantial costs and liabilities in the future.

#### *Permitting*

Mining operations are subject to receiving and maintaining permits from appropriate governmental authorities. It can be time-consuming and costly to obtain, maintain and renew permits. In addition, permit terms and conditions can impose restrictions on how the Company conducts its operations and limit the Company's flexibility in development its mineral properties. Prior to any development on the Company's properties, permits from appropriate governmental authorities may be required. Permits required for the Company's operations may not be issued, maintained or renewed in a timely fashion or at all, may not be issued or renewed upon conditions that restrict the Company's ability to conduct the Company's operations economically, or may be subsequently revoke. Any such failure to obtain, maintain or renew permits, or other permitting delays or conditions could have a material adverse effect on the Company's business, results of operations, financial condition and prospectus.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial

actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may be liable for civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

#### *Infrastructure*

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect operations at the Company's properties.

#### *Exploration and Geological Report*

The reported results in the technical reports filed in respect of the Company's properties are estimates only. No assurance can be given that the estimated mineralization will be recovered. The reported results are based on limited sampling, and, consequently, are uncertain because the samples may not be representative. Estimates may require revision (either up or down) based on actual production experience. If the Company encounters mineralization or geological formations different from those predicted by past drilling, sampling and interpretations, any estimates may need to be altered in a way that could adversely affect the Company's operations or proposed operations. In addition, market fluctuations in the price of metals, as well as increased production costs or reduced recovery rates, may render certain minerals uneconomic.

#### *Land/Mineral Title*

No assurances can be given that there are no title defects affecting the Company's properties. The Company's properties may be subject to prior unregistered liens, agreements, transfers or claims, including First Nations land claims, and title may be affected by, among other things, undetected defects.

#### *Additional Capital*

Mining, processing, development and exploration require substantial additional financing. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration, development or production or even a loss of property interest. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, will be on satisfactory terms.

#### *Property Exploration and Development Risk*

The Company's properties are currently at the exploration stage of development. Exploration and development is subject to numerous risks, including, but not limited to, delays in obtaining equipment, material and services essential to developing the project in a timely manner; changes in environmental or other government regulations; currency exchange rates; labor shortages; and fluctuation in metal prices. There can be no assurance that the Company will have the financial, technical and operational resources to complete the exploration and development in accordance with current expectations or at all.

#### *Insurance Risk*

The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failure, cave-ins, mechanical failures, changes in the regulatory environment and natural phenomena such as inclement weather conditions, fires, floods and earthquakes. Such occurrences could result in damage, delays in mining, monetary losses and possible legal liability.

Although the Company maintains insurance to protect against certain risks in such amounts as it considers reasonable, the Company's insurance will not cover all the potential risks associated with a mining company's operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as loss of title to mineral property, environmental pollution, or other

hazards as a result of exploration and production is not generally available to the Company or other companies in the mining industry on acceptable terms. The Company may also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect on our financial performance and results of operations.

#### *Force Majeure*

The Company's projects now or in future may be adversely affected by risks outside the control of the Company, including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

#### **Forward-Looking Statements**

This Management's Discussion and Analysis ("MD&A") includes certain statements that constitute "forward-looking statements", and "forward-looking information" within the meaning of applicable securities laws ("forward-looking statements" and "forward-looking information" are collectively referred to as "forward-looking statements", unless otherwise stated). These statements appear in a number of places in this MD&A and include statements regarding our intent, or the beliefs or current expectations of our officers and directors. Such forward-looking statements involve known and unknown risks and uncertainties that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this MD&A, words such as "believe", "anticipate", "estimate", "project", "intend", "expect", "may", "will", "plan", "should", "would", "contemplate", "possible", "attempts", "seeks" and similar expressions are intended to identify these forward-looking statements. Forward-looking statements may relate to the Company's future outlook and anticipated events or results and may include statements regarding the Sask Craton Property and Sask Craton North Property, and the Company's future financial position, business strategy, budgets, litigation, projected costs, financial results, taxes, plans and objectives. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends affecting the financial condition of our business. These forward-looking statements were derived utilizing numerous assumptions regarding expected growth, results of operations, performance and business prospects and opportunities that could cause our actual results to differ materially from those in the forward-looking statements. While the Company considers these assumptions to be reasonable, based on information currently available, they may prove to be incorrect. Accordingly, you are cautioned not to put undue reliance on these forward-looking statements. Forward-looking statements should not be read as a guarantee of future performance or results. To the extent any forward-looking statements constitute future-oriented financial information or financial outlooks, as those terms are defined under applicable Canadian securities laws, such statements are being provided to describe the current anticipated potential of the Company and readers are cautioned that these statements may not be appropriate for any other purpose, including investment decisions. Forward-looking statements are based on information available at the time those statements are made and/or management's good faith belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. To the extent any forward-looking statements constitute future-oriented financial information or financial outlooks, as those terms are defined under applicable Canadian securities laws, such statements are being provided to describe the current anticipated potential of the Company and readers are cautioned that these statements may not be appropriate for any other purpose, including investment decisions. Forward-looking statements speak only as of the date those statements are made. Except as required by applicable law, we assume no obligation to update or to publicly announce the results of any change to any forward-looking statement contained or incorporated by reference herein to reflect actual results, future events or developments, changes in assumptions or changes in other factors affecting the forward-looking statements. If we update any one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements. You should not place undue importance on forward-looking statements and should not rely upon these statements as of any other date. All forward-looking statements contained in this MD&A and the associated financial statements are expressly qualified in their entirety by this cautionary statement.