FALCON GOLD CORP.

MANAGEMENT'S DISCUSSION & ANALYSIS

YEAR ENDED JUNE 30, 2019

Introduction

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of Falcon Gold Corp. ("Falcon Gold" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended June 30, 2019. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual financial statements of the Company for the years ended June 30, 2019 and 2018, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results for the period presented are not necessarily indicative of the results may be expected for any future period.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Falcon Gold's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

The effective date of this report is October 25, 2019.

Forward Looking Information

Certain information regarding the Company within the MD&A may include "forward-looking statements" within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical facts, included in this MD&A that address activities, events or developments that the Company expects or anticipates will or may occur in the future, including such thing as future business strategy, goals, expansion and growth of the Company's business, plans and other such matters are forward-looking statements. When used in this MD&A the words "estimate", "plan", "anticipate", "expect", "intend", "believe" and similar expressions are intended to identify forward-looking statements. Such statements by their nature involve certain risks and uncertainties that could cause actual results to differ materially from those contemplated by such statements. The Company considers the assumptions on which these forward-looking statements are based to be reasonable at the time they were prepared, but cautions the reader that these assumptions regarding future events, many of which are beyond the control of management, may ultimately prove to be incorrect. The reader should not rely solely on these forward-looking statements.

Nature of the Business and Corporate Overview

The Company was incorporated on November 24, 2006 under the Business Corporations Act (Ontario) and was continued under the Business Corporations Act (British Columbia) on May 2, 2013. The Company trades on the TSX Venture Exchange under the symbol "FG".

Financing

The Company completed equity financing of $175,840 for cash during the year. Subsequent to the year end the Company announced that it had arranged equity financing of $467,000.

Share Data

On August 15, 2016, the Company consolidated its shares on a 5 for 1 basis. Particulars of the share consolidation were approved by the shareholders at the Company's AGM on January 14, 2016. The Company had 42,185,496 common shares issued and outstanding and the resulting post consolidation shares outstanding at June 30, 2016 equaled 8,437,094. The exercise price and number of common shares issuable pursuant to all outstanding stock options and warrants have been adjusted in accordance with the consolidation ratio.

All references to shares, stock options and warrants are to post consolidation shares, stock options and warrants.

Selected Annual Information

	Year Ended June 30, 2019	Year ended June 30, 2018	Year Ended June 30, 2017
Revenue	$ -	$ -	$ -
Net Loss	$ 1,663,046	$ 480,710	$ 607,806
Net Loss per Share	$ (0.05)	$ (0.02)	$ (0.03)
Total Assets	$ 167,367	$ 1,460,858	$ 1,346,020
Total Liabilities	$ 627,035	$ 416,170	$ 440,129
Dividends	-	-	-

The increase in net loss from 2019 to 2018 was a decrease in general and administration expense of $85,764, a decrease in share-based compensation of $47,207, an increase in professional fees of $16,421, and an increase in impairment of mineral properties of $1,308,291.

The increase in total assets from 2018 to 2019 resulted from an increase in cash of $20,955, a decrease in prepaid expenses of $40,333 and a decrease in exploration and evaluation assets of $1,266,502.

Selected Quarterly Financial Information

	Three Months Ended June 30, 2019	Three Months Ended Mar 31, 2019	Three Months Ended Dec 31, 2018	Three Months Ended Sept 30, 2018
Total assets	$ 167,367	$ 1,426,088	$ 1,435,639	$ 1,425,253
Working capital (deficiency)	$ (546,500)	$ (397,897)	$ (346,228)	$ (377,847)
Net loss for the period	$ 1,446,838	$ 47,641	$ 105,416	$ 63,151
Loss per share	$ (0.05)	$ (0.00)	$ (0.00)	$ (0.00)

	Three Months Ended June 30, 2018	Three Months Ended Mar 31, 2018	Three Months Ended Dec 31, 2017	Three Months Ended Sep 30, 2017
Total assets	$ 1,460,858	$ 1,386,442	$ 1,547,826	$ 1,358,767
Working capital	$ (308,646)	$ (323,108)	$ (223,057)	$ (384,628)
Net loss for the period	$ 251,206	$ 79,928	$ 76,348	$ 73,228
Loss per share	$ (0.02)	$ (0.00)	$ (0.00)	$ (0.00)

Falcon Gold reported no discontinued operations and declared no dividends for any period presented.

Results of Operations

Years ended June 30, 2019 and 2018

The Company incurred a net loss of $1,663,046 for the year ended June 30, 2019, compared to a net loss of $480,710 for the year ended June 30, 2018. Details of the more significant changes over last year are as follows:

- A decrease in general and administration to $280,175 (2018- $362,939),
- A decrease in share-based compensation to $nil (2018 - $ 47,207),
- An increase in professional fees to $38,397 (2018- $21,976), and
- An increase in impairment charge to mineral properties of $1,308,291 (2018-$nil).

The decreases in general and administrative expenses are due primarily to a decrease in consulting fees of $144,000 to reflect less time and resources to source new mineral properties and financing during fiscal 2019, a decrease in travel expense of $15,000 due to less frequent trips to Argentina to source and negotiate the acquisition of new mineral properties. The decreases were offset by an increase in investor communications of $61,000, and an increase in rent of $23,000.

The decrease in share-based compensation reflects the fact that no options were granted during the year.

The increase in professional fees includes an increase in bookkeeping and accounting fees of $13,000, an increase in legal fees of $7,000, and a decrease in audit fees of $4,000.

As at June 30, 2019, the Company has cash of $52,883 (2018 - $31,928), receivable of $2,302 (2018 - $9,913), prepaid expenses of $25,350 (2018 - $65,683), accounts payable and accrued liabilities of $528,035 (2018 - $416,170), and loans payable of $99,000 (2018-$nil) for total working capital deficiency of $546,500 (2018 - $308,646).

Fourth Quarter Fiscal 2019 and 2018

General and administrative expenses for the fourth quarter of fiscal 2019 were lower by $101,000 than for the fourth quarter of fiscal 2018. The more significant decreases were for consulting $84,000 and travel $16,000. Professional fees increased by $7,000.

Impairment of mineral properties in the amount of $1,308,291 was recorded during the fourth quarter of fiscal 2019.

Liquidity and Capital Resources

This section should be read in conjunction with the audited consolidated statement of financial position for the year ended June 30, 2019, and the corresponding notes thereto.

The Company currently has no revenue to finance its operations. It is therefore required to fund its activities through the issuance of equity securities and other financing alternatives. The Company's ability to continue its exploration mandate is therefore dependent upon its ability to raise funds.

The Company has not yet realized profitable operations and has incurred significant losses to date resulting in a cumulative deficit of $7,046,503. As at June 30, 2019 the Company had cash of $52,883 to settle current liabilities of $627,035.

To continue operations and to fund future obligations, the Company will be required to raise funds through equity or other financing alternatives. Recent global economic conditions and market uncertainty may have an impact on the Company's ability to raise funds through the equity markets. Management believes that there are sources of financing available; however there can be no assurance that the Company will be successful in its future fund-raising activities. During the year Company raised $175,840 in additional cash equity. Subsequent to year end the company completed a private placement of $467,000. See Subsequent Events section for details.

Mineral Property Interests

	Opening Balance	Expenditures	Write-down / Impairment Option Received	Ending Balance
McCaul Hutchison Property	-	7,500	-	7,500
Central Canada Property	-	9,000	-	9,000
Wabunk Bay Property	-	6,000	-	6,000
Esperenza Property	-	22,543	-	22,543
Burton Property	1,308,291	-	-	1,308,291
Balance June 30, 2018	1,308,291	45,043	-	1,353,334
McCaul Hutchison Property	7,500	26,062	-	33,562
Central Canada Property	9,000	2,500	-	11,500
Coomer Lake Property	-	22,300	(22,300)	-
Wabunk Bay Property	6,000	11,200	(17,200)	-
Esperenza Property	22,543	19,227	-	41,770
Burton Property	1,308,291	-	(1,308,291)	-
Balance June 30, 2019	1,353,334	81,289	(1,347,791)	86,832

McCaul Hutchinson Property

The McCaul Hutchison Property consists of 6 unpatented mining claims consisting of 55 claim units located in McCaul and Hutchinson Townships, east of Atikokan in Northern Ontario.

The Property is subject to a 1.0% net smelter return in favour of the previous owner of the claims. The Company may purchase the net smelter return for an aggregate amount of $1,000,000 at any time prior to the commencement of production.

The Company can acquire a 100% interest in the McCaul Hutchinson Property by making escalating cash payments of $250,000 and issuing 400,000 common shares over a four- year period

Central Canada Property

The Central Canada Property consists of a claim group located in Hutchinson Township, east of Atikokan in Northern Ontario. The Property consists of 7 unpatented mining claims consisting of 55 claim units.

The Central Canada Property is subject to a 2.0% net smelter return in favour of the previous owner of the claims. The Company may purchase one-half of the net smelter return for an aggregate amount of $1,000,000 at any time prior to the commencement of production.

The Company can acquire a 100% interest in the Central Canada Property by making escalating cash payments of $141,500 and issuing 325,000 common shares over a four- year period. In addition, the Company must carry out exploration and evaluation expenditures of $10,000, $20,000, $30,000 and $40,000 during years 1 through 4 respectively.

Wabunk Bay Property

The Wabunk Bay Property consists of a claim group located in Earngey Township in Northern Ontario. The Wabunk Bay Property consists of 2 unpatented mining claims consisting of 19 claim units.

The Wabunk Bay Property is subject to a 1.0% net smelter return in favour of the previous owner of the claims. The Company may purchase the net smelter return for an aggregate amount of $1,000,000 at any time prior to the commencement of production.

The Company can acquire a 100% interest in the Wabunk Bay Property by making escalating cash payments of $200,000 and issuing 300,000 common shares over a four- year period.

During the 2018 fiscal year, the Company and Vatic Ventures Corp. entered into a memorandum of understanding whereby Vatic has an option to earn a 60% interest in the Wabunk Bay property by making an initial cash payment in the amount of $25,000 and a further cash payment of $275,000 before the first anniversary of the agreement. In addition, Vatic must issue an initial tranche of 200,000 units of Vatic to the Company with each unit consisting of one common share and one common share purchase warrant exercisable for a period of two years at $0.25 per share followed by an additional 200,000 units prior to the first anniversary of the agreement on the same terms as the initial units. Vatic must also incur exploration and evaluation expenditures of $750,000 within the twelve months prior to the first anniversary of the agreement.

During the year the Company received a non-refundable cash amount of $25,000 from Vatic. Subsequently the memorandum of understanding was terminated by mutual consent.

Coomer Lake Property

The Coomer Lake Property consists of 50 claim units located in the James Bay lowlands approximately 250 km north of Nakina, Ontario.

The Coomer Lake Property is subject to a 2.0% net smelter return in favour of the previous owner of the claims. The Company may purchase the net smelter return for an aggregate amount of $1,000,000 at any time prior to the commencement of production.

The Company can acquire a 100% interest in the Coomer Lake Property by making escalating cash payments of $185,000 issuing 400,000 common shares over a four- year period and incurring exploration and evaluation expenditures totalling $400,000 over a five-year period.

During the period the Company made cash payments of $10,000 and issued 50,000 shares in connection with the option agreement.

During the year, the option to acquire the Coomer Lake Property was terminated by mutual consent.

Esperanza Property

The Esperanza Property is comprised of seven mineral concessions within the Sierra de Las Minas District of La Rioja and San Luis provinces in Argentina.

The Company can earn an 80% interest in the Esperanza Property by making escalating annual payments totalling US$500,000 and issuing 4,000,000 common shares over a six year period. In addition, the Company must incur exploration and evaluation expenditures of US$1,750,000 over a six year period. Subsequent to acquiring an 80% interest in the Ezperanza Property, the Company will have an option to acquire the remaining 20% of the property for a cash payment of US$4,000,000 plus a 1% net smelter royalty.

Burton Property

The Burton Property is situated in Esther Township, Porcupine Mining District, Ontario approximately 200 km north-northwest of Sudbury and approximately 150 km southwest of Timmins. Burton is located in a jurisdiction with a long established mining history and is comprised of 6 patented claims and 16 unpatented claims totaling approx. 350 ha. All unpatented claims are in good standing to the summer/fall of 2016.

The Burton Property lies within the Archean Swayze Greenstone Belt and has recently been correlated with and interpreted to be part of the Abitibi Greenstone Belt which hosts the world class Timmins and Kirkland Lake lode gold mining camps. The Burton Property occurs near the southern margin of the Swayze greenstone belt where the belt consists dominantly of mafic to intermediate metavolcanic rocks and Timiskaming-type metasedimentary rocks. The volcanic rocks are locally intruded by ultramafic intrusive rocks. Felsic to intermediate volcanic rocks occur to the north of the mafic volcanic rocks and sedimentary rocks. Bedding and foliations in the area strike dominantly east-southeast parallel to the trend of the southern contact of the Swayze belt and dip steeply to the southeast.

The Company has completed a phase 1 diamond drilling program of 2935 meters in 25 holes on the Burton Property. For results of this program please see the news releases of July 27, 2011 and September 12, 2011 on the company's website at www.falcongold.ca.

During fiscal 2012, the Company entered into a Mining Option Agreement (the "Agreement") with Trelawney Mining and Exploration Inc. (now IAMGOLD Corporation) ("Trelawney") whereby Trelawney can earn up to a 75% interest in the Burton Property. The terms of the Agreement include a cash payment of $150,000 to the Company and a commitment to incur exploration and evaluation expenditures in the amount of $1,200,000 over a two year period from the date of signing of the Agreement.

In addition to the cash payment of $150,000, the Company received an amount of $619,278 as advances for exploration and evaluation expenditures to be incurred as part of the Trelawney Agreement. As of June 30, 2016, sufficient amounts have been expended with respect to the Trelawney Agreement to enable Trelawney to earn a 51% interest in the Burton Property.

During the year ended June 30, 2019, the Company identified an impairment indicator with respect to the Burton Property as there was an absence of substantive exploration expenditures over the past three fiscal years, nor are substantive exploration expenditures budgeted or planned for the coming fiscal year. Consequently, the Company recorded impairment of $1,308,291 in connection with the Burton Property.

The Company is required by the various government agencies to incur annual qualifying exploration and development expenditures and/or to make annual payments in order to maintain its claims in good standing. As at

June 30, 2019, the Company believes it has incurred the required amount of expenditures and believes to the best of its knowledge that all claims are in good standing.

Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires management to make certain estimates and apply judgment affecting the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of expenses during the reporting period. The areas involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the financial statements are:

Exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation assets requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of such expenditure is unlikely, the amount capitalized is written off in the statement of loss and comprehensive loss in the period the new information becomes available.

Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Share-based payments

Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility, interest rates and, dividend yield and expected vesting dates and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 8 to the consolidated financial statements.

Changes in Accounting Policies

Adoption of new accounting standards:

(i) IFRS 9 *Financial Instruments* ("IFRS 9")

On July 1, 2018, the Company adopted IFRS 9 *Financial Instruments* ("IFRS 9"). IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39"), introduces new requirements for the recognition and measurement of financial assets and liabilities, a single, forward looking "expected loss" impairment model and a reformed approach to hedge accounting. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules previously under IAS 39. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The International Accounting Standards Board ("IASB") requires an entity to apply IFRS 9 for annual periods beginning on or after January 1, 2018.

Application of IFRS 9 to the Company's other financial instruments also has no impact on the Company's financial position or results of operations and there is no financial impact that requires disclosure.

IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15")

On July 1, 2018, the Company adopted IFRS 15 – Revenue from Contracts with Customers ("IFRS 15"). IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 supersedes the current revenue recognition guidance including IAS 18 – Revenue, IAS 11 – Construction Contracts and the related interpretations. In adopting the guidance, the Company has opted to use the modified retrospective basis in accordance with the transitional provisions of IFRS 15 whereby the cumulative effect of initially applying the standard has been recognized as an adjustment to the opening deficit at July 1, 2018 and comparative figures are not restated and continue to be reported under the accounting standards in effect for those periods.

The Company has no revenue and management has determined that the application of IFRS 15 did not result in any adjustment to the financial statements.

The following standards and interpretations have been issued but are not yet effective:

The following standards, interpretations and amendments, which have not been applied to in these consolidated financial statements, will or may have an effect on the Company's future consolidated financial statements. The Company is in the process of evaluating these new standards.

IFRS 16 – Leases eliminates the classification of leases as either operating or finance leases for a lessee. Instead all leases are capitalized by recognizing the present value of lease payments and recognizing an asset and a financial liability representing an obligation to make future lease payments. The principles in IFRS 16 provide a more consistent approach to acquiring the use of an asset whether by leasing or purchasing the asset.

The new leasing standard is applicable to all entities and will supersede current lease accounting standards under IFRS. Prospective application is required is required beginning on or after January 1, 2019 with early adoption permitted only if an entity early adopts IFRS 15 as well.

The Company intends to adopt the above standards as applicable and does not anticipate a material impact on its consolidated financial statements.

Financial Instruments

Financial risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, foreign currency risk and commodity and equity price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

The Company's financial instruments consist of cash, receivable, accounts payable and accrued liabilities. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values.

(a) Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and receivables. The Company has no significant concentration of credit risk arising from operations. Cash is held with a Canadian Schedule A bank, from which management believes the risk of loss to be minimal.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company receives cash flow primarily from its financing activities. As at June 30, 2019, the Company had cash of $52,883 (June 30, 2018 - $31,928) to settle current liabilities of $627,035 (June 30, 2018 - $416,170). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

(c) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity and equity prices.

(i) Interest rate risk

Cash is subject to floating interest rates. Sensitivity to a plus or minus 1% change in interest rates would not have a material impact on the reported consolidated net loss and comprehensive consolidated net loss for the year ended June 30, 2019.

(ii) Foreign currency risk

Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the

Company's exposure to foreign currency risk is minimal. The Company does not hold balances in foreign currencies to give rise to exposure to foreign exchange risk.

(iii) Commodity and equity price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, as they relate to precious and base metals and other minerals, and the stock market to determine the appropriate course of action to be taken by the Company. Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depend upon the world market price of precious and base metals and other minerals. Precious and base metals and other mineral prices have fluctuated widely in recent years. There is no assurance that, even if commercial quantities of precious and base metals and other minerals are produced in the future, a profitable market will exist for them. As of June 30, 2019, the Company was not a precious mineral, base metals and other minerals producer. Even so, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

Related Party Transactions

During the three months and the year ended June 30, 2019, the Company entered into the following transactions with related parties and paid or accrued the following amounts, excluding share-based payment charges in connection therewith:

Name	Relationship	Purpose of Transaction	Three Months Ended	Year Ended
Stephen Wilkinson	Former CEO, Director of the Company	Consulting Services	$8,250	$46,125
Brant Capital Partners Inc.	Company controlled by the CFO of the Company	Consulting services	$9,000	$36,000
Pacific Capital Advisors	Entity of which a director of Falcon Gold is the CEO	Consulting Services	$15,000	$41,500

Accounts payable and accrued liabilities include $203,197 (2018 - $130,683) due to related parties. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment. Loans payable include $4,000 (2018 - $Nil) due to related parties.

Off-Balance-Sheet Arrangements

As of the date of this MD&A, the Company does not have any off balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity, capital expenditures and capital resources that would be material to investors.

Proposed Transactions

As of the date of this MD&A the Company has no proposed transactions other than disclosed under Subsequent Events caption.

Outstanding Share Data

On August 15, 2016, the Company consolidated its shares on a 5 for 1 basis. Particulars of the share consolidation were approved by the shareholders at the Company's AGM on January 14, 2016. The Company had 42,185,496 common shares issued and outstanding and the resulting post consolidation shares outstanding at June 30, 2016 equaled 8,437,094. The exercise price and number of common shares issuable pursuant to all outstanding stock options and warrants have been adjusted in accordance with the consolidation ratio.

All references to shares, stock options and warrants are to post consolidation shares, stock options and warrants. As of the date of this MD&A, the Company has 56,800,184 post consolidation common shares issued and outstanding as well as: (a) stock options to purchase an aggregate of 3,425,000 post consolidation common shares expiring at various date between September 2021 and August 2024 and exercisable at prices ranging from $0.05 to $0.10 per common share and, (b) share purchase warrants to purchase an aggregate of 34,466,500 post consolidation common shares expiring between December 2019 and July 2021 exercisable at prices ranging from $0.05 to $0.10 per common share. Included in the warrants outstanding are 392,500 broker warrants. For additional details of share data, please refer to Notes 6, 7, and 8 of the June 30, 2019 audited consolidated financial statements.

Risks and Uncertainties

Liquidity and Additional Financing

The Company has limited financial resources and no current revenues. There can be no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfill its obligations under applicable agreements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, 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 cause the Company to reduce or terminate its operations.

Regulatory Requirements

Even if the Company's properties are proven to host economic reserves of gold or other precious or non-precious metals, factors such as governmental expropriation or regulation may prevent or restrict mining of any such deposits. Exploration and mining activities may be affected in varying degrees by government policies and regulations relating to the mining industry. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, environmental legislation and mine safety.

Nature of Mineral Exploration and Mining

At the present time, the Company does not hold any interest in a mining property in production. The Company's viability and potential success lie in its ability to discover, develop, exploit and generate revenue out of mineral deposits. Mineral exploration and development involves a high degree of risk and few properties which are explored are ultimately developed into producing mines. The profitability of the Company's operations will be in part directly related to the cost and success of its exploration programs, if any, which may be affected by a number of factors beyond the Company's control. Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of diamond, precious and non-precious metals, any of which could result in work stoppages, damage to the property, and possible environmental damage. Hazards such as unusual or unexpected formations and other conditions such as formation pressures, fires, power outages, labor disruptions, flooding, explorations, cave-ins, landslides and the inability to obtain suitable adequate machinery, equipment or labor are involved in mineral exploration, development and operation. The Company may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. The payment of such liabilities may have a material, adverse effect on the financial position of the Company.

The Company will continue to rely upon consultants and others for exploration and development expertise. Substantial expenditures are required to determine if mineralization reserves exist through drilling, to develop processes to extract the precious and non-precious metals from the mineralization and, in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis or at all. The economics of developing mineral properties are affected by many factors including the cost of operations, variations in the grade of mineralization mined, fluctuations in markets, costs of processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. The remoteness and restrictions on access to any properties in which the Company has or may have an interest may have an adverse effect on profitability in that infrastructure costs will be higher.

Uninsurable Risks

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Company may decide not to take out insurance against such risks as a result of high premiums or for other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and cause insolvency and/or a decline in the value of the securities of the Company.

No Assurance of Title to Properties

The acquisition of title to mineral projects is a very detailed and time consuming process. Although the Company has taken precautions to ensure that legal title to its property interests is properly recorded in the name of the Company where possible, there can be no assurance that such title will ultimately be secured. Furthermore, there is no assurance that the interest of the Company in any of its properties may not be challenged or impugned.

Permits and Licenses

The operations of the Company may require licenses and permits from various governmental authorities. The company believes that it presently holds all necessary licences and permits to carry on with activities which it is currently conducting under applicable laws and regulations and the Company believes it is currently complying in all material respects with the terms of such laws and regulations. However, such laws and regulations are subject to change. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects.

Competition

The mineral exploitation industry is intensely competitive in all its phases. The Company competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral properties, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees. In addition, there is no assurance that even if commercial quantities of minerals are discovered, a ready market will exist for their sale. Factors beyond the control of the Company may affect the marketability of any minerals 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 invested capital.

Environmental Regulations

The Company's operations are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for noncompliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

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 requirements, 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 the Company's operations.

Fluctuating Prices

Factors beyond the control of the Company may affect the marketability of any copper, nickel, gold, platinum or any other minerals discovered. The price of those commodities has fluctuated widely, particularly in recent years, and is affected by numerous factors beyond the Company's control including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, consumption patterns, speculative activities and increased production due to new mine developments and improved mining and production methods.

The effect of these factors on the price of gold, base and precious metals and therefore the economic viability of any of the Company's projects cannot be accurately predicted.

Reliance on Key Personnel

The Company is dependent on a relatively small number of key people, the loss of any of whom could have an adverse effect on its operations. The Company does not carry any key man insurance.

Subsequent Events

On July 13, 2019, 1,820,000 share purchase warrants expired unexercised.

On July 15, 2019 and July 25, 2019, pursuant to a non-brokered private placement, the Company issued 15,580,000 and 3,100,000 units respectively at a price of $0.025 per unit for cash proceeds of $467,000. Each unit consists of one common share and one common share purchase warrant exercisable at $0.05 for a period of twenty-four months from the date of issue. The financing included the conversion of loans payable in the amount of $95,000.

During the period August 21, 2019 to September 30, 2019, 1,255,00 stock options expired unexercised or were cancelled.

On August 23, 2019, the Company granted 2,000,000 stock options to officers, directors and consultants. The options vested immediately, are exercisable at $0.05 per share and expire five years from the date of grant.

On September 9, 2019, the Company staked 182 hectares in proximity to the Wabunk Bay Property.

On September 18, 2019, the Company entered into an option agreement to acquire a 100% interest in the Bruce Lake Property and the Camping Lake Property located near the town of Red Lake in Northern Ontario. The Company can earn a 100% interest in the Bruce Lake property and the Camping Lake property by issuing 500,000 common shares with respect to each property and making escalating cash payments totalling $123,000 over a four-year period.

On October 15, 2019, the Company and a creditor agreed to settle outstanding amounts of $52,512 by the issue of 300,000 common shares. Regulatory approval is required.

On October 15, 2019, the Company amended the option agreement to acquire the Esperenza Property by making escalating payments and exploration expenditures over a six year period. The amended agreement requires the Company to issue 5,500,000 common shares, make $500,000 USD in payments and carry out exploration and evaluation expenditures of $1.6 million USD over six years. The amended agreement is subject to Regulatory approval.

On October 22, 2019, the Company entered into a binding term sheet with International Montoro Resources Inc. ("Montoro") whereby Montoro can earn a 51% interest in the Camping Lake property by assuming the Company's cash payment obligations pursuant to the Company's option to acquire the Camping Lake property, by making cash payments to the Company in the amount of $65,000, issuing to the Company 1.5 million Montoro shares, and incurring $300,000 of exploration and evaluation expenditures, over a four year period. The transaction is subject to regulatory approval.

Additional Information

Additional information relating to the Company is available on SEDAR at www.sedar.com.