



Management's Discussion and Analysis For the Year Ended August 31, 2019

Date: December 19, 2019

This Management Discussion and Analysis ("MD&A") relates to the financial position and results of operations of M3 Metals Corp. (formerly ML Gold Corp.) ("M3 Metals" or the "Company") for the year ended August 31, 2019. This MD&A should be read in conjunction with the Company's audited consolidated financial statements for the year ended August 31, 2019 (the "Financial Statements"). The Financial Statements and related notes have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Unless otherwise noted, all references to currency in this MD&A are in Canadian dollars.

This discussion contains forward-looking statements that involve risks and uncertainties. Such information, although considered to be reasonable by the Company's management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated in the statements made.

Overview of the Company

M3 Metals Corp. (formerly ML Gold Corp.) is a Canadian listed company, focused on the exploration and development of its Canadian mineral projects. The Company is currently exploring the Mohave Mine Gold project in the Weaver mining district, Mohave County, Arizona, USA and Stars project in the Omineca Mining Division located in north central British Columbia. Additionally, the company holds the Aspen gold property and the Block 103 iron ore project ("Schefferville") in Labrador, Canada, which hosts an initial NI 43-101 inferred resource of 7.2 billion tonnes at 29.2 per cent total iron.

In November 2018, 648,750 warrants with an exercise price of \$2.00 per share expired unexercised.

In February 2019, the Company terminated the option agreement in relation to the Palmetto Project.

In February 2019, the Company consolidated its outstanding share capital on a ten-for-one basis. The share consolidation has been applied retrospectively and as a result all shares, options, warrants, and per share amounts are stated on an adjusted basis.

In February 2019, Andrew Bowering resigned as CEO and was replaced by Kosta Tsoutsis as the new CEO of the Company.

In April 2019, the Company cancelled 1,052,000 stock options.

In May 2019, the Company completed a private placement for gross proceeds of \$1,900,000 which consisted of the issuance of 19,000,000 units at a price of \$0.10 per unit. Each unit comprised of one common share of the Company and one full, non-transferable warrant, which is exercisable into one common share at a price of \$0.15 for a period of two years. Finder's fees totaling \$30,100 cash and 616,000 finder's warrants were paid and issued in connection with the private placement financing. Each finder's warrant entitles the holder to purchase one common share of the Company exercisable at a price of \$0.15, for a period of two years from closing.

In May 2019, the Company granted 2,970,000 stock options to certain officers, directors and consultants of the Company for a term of five years exercisable at a price of \$0.17 per option, vested immediately.

In July 2019, the Company changed its name from ML Gold Corp. to M3 Metals Corp.

In September 2019, Andrew Bowering resigned as director of the Company.

In September 2019, the Company's wholly owned subsidiary, ML Nevada Corp., entered into an option agreements with DDS Resources LLC and Mohave Mine Partnership LLC (collectively, "Optionors") to acquire, by way of option, up to 100% of certain mining claims in the Weaver mining district, Mohave County, Arizona, USA (collectively, the "Mohave Mine Gold Property"). Refer to "Summary of Properties"

Summary of Properties

Exploration and Evaluation Properties

For the year ended August 31, 2019, the Company incurred exploration and evaluation expenditures of \$597,629 (net of BCMETC and write-off) as compared to \$2,412,313 (net of BCMETC and write-off) in the comparative period of 2018. The total cumulative acquisition and deferred exploration costs of the Company to August 31, 2019 are summarized as follows:

	Schefferville \$	Pinnacle Reef \$	Aspen \$	Stars \$	Palmetto \$	Total \$
Balance, August 31, 2017	1	927,298	179,983	-	1,469,780	2,577,062
Property acquisition costs	-	21,000	22,313	48,000	159,732	251,045
<i>Exploration expenditures:</i>						
Drilling	-	403,673	-	1,436,547	50,417	1,890,637
Equipment	-	27,874	-	-	-	27,874
Geological	-	18,025	2,547	145,387	64,764	230,722
Transportation	-	-	-	12,035	-	12,035
	-	470,572	24,860	1,641,969	274,912	2,412,313
BC mineral exploration tax credit recoverable	-	(160,021)	(23,792)	-	-	(183,813)
Write-off of expenditures incurred	-	-	-	-	(1,744,691)	(1,744,691)
Balance, August 31, 2018	1	1,237,849	181,051	1,641,969	1	3,060,871
Property acquisition costs	-	-	-	79,000	-	79,000
<i>Exploration expenditures:</i>						
Drilling	-	-	-	480,599	-	480,599
Geological	-	-	-	38,030	-	38,030
	-	-	-	597,629	-	597,629
BC mineral exploration tax credit recoverable	-	(32,317)	(183)	(114,578)	-	(147,078)
Write-off of exploration and evaluation properties	-	(1,205,532)	-	-	(1)	(1,205,533)
Balance, August 31, 2019	1	-	180,868	2,125,020	-	2,305,889

The Schefferville Property:**Block 103**

The Block 103 iron ore property covers 7,245 hectares within the Labrador Trough, 30 kilometres northwest of the mining town of Schefferville near the border of Quebec, Canada. Block 103 lies immediately north and parallel to Tata Steel/New Millennium Iron Corp.'s LabMag magnetite deposit and southeast of their KeMag magnetite deposit, which have a combined mineral resource of approximately 8 billion tonnes of measured and indicated resources and 2 billion tonnes of inferred resources. Block 103 is strategically located close to an existing railway that runs south linking to the shipping port of Sept Iles, Quebec.

Block 103 lies predominantly within the Schefferville Lithotectonic Zone, which includes the Greenbush Zone, however, the western edge of the claim block lies west of the Stakit Lake Fault in the Tamarack Lithotectonic Zone. The Tamarack Zone, which also hosts the LabMag and Kemag deposits, typically has only the one instance of the Sokoman Iron Formation with no thrust-fault repetition. The Schefferville Lithotectonic Zone is known in the extensive geological literature to host multiple shallow-east-dipping thrust fault that repeats the stratigraphy, including the iron oxide members of the Sokoman Formation. This fault-repetition creates the potential for significantly more tonnage per unit surface area, and these occurrences have been observed in the drilling results throughout the Greenbush Zone.

Greenbush Zone

The drilling program on Block 103's Greenbush Zone to date has enabled the Company to outline an area that hosts significant magnetite mineralization. The outlined area, called the Greenbush Zone, is underlain by a continuous magnetite bearing horizon (Sokoman Formation). (Refer to Greenbush Zone Map, which can be found at www.mlgoldcorp.com.)

On February 4, 2013, the Company released the results of the initial NI 43-101 mineral resource estimate on an area within the Greenbush Zone which was the primary focus of the 2012 exploration program. Watts, Griffis and McOuat ("WGM"), Consulting Geologists and Engineers of Toronto, Ontario estimated an inferred resource of 7.2 billion tonnes at 29.2% total iron (18.9% magnetic iron). This resource estimate is based on a cut-off grade of 12.5% magnetic iron (magFe%). The inferred resources cover an area with a strike length of approximately 4 kilometres (km) and a width of 2.5 km.

In March 2016, the Company released the results of a ground gravity survey conducted by TSMC on the Company's Block 103 property. As an initial follow up on the recent ground gravity program in the summer of 2015 TSMC completed 3-diamond drill holes testing only one area on the eastern edge of the Block 103 property near the newly constructed access road. There was no DSO style mineralization intersected within the 3 drill holes conducted by TSMC, partially due to the fact that drilling was concentrated close to existing access and did not adequately test the best parts of nor all the targets.

Block 103-Greenbush Zone Initial NI 43-101 Resource Report

The Block 103 deposit is predominantly composed of magnetite and a process flowsheet based on progressive particle size reduction and magnetic separation, which is conventional and proven for this type of mineralization, is being developed. Based on laboratory test results, metallurgical performance for the operation has been projected as follows:

Magnetite Recovery	93.7%
Concentrate Iron Grade	70.0%
Concentrate Silica Grade	3.4%
Concentrate Liberation Size P100	75µ
Ore Hardness SMC (Axb) BWi (kWh/t at p80-32um)	37 15.5

These results are in line with similar deposits in the region. Results to date suggest that the concentrate that will be produced and that will feed the pelletizing plant will have the following chemical composition:

Fe	SiO ₂	Al ₂ O ₃	MgO	CaO	Na ₂ O	K ₂ O	Ti	Mn	P	Cr
70%	3.40%	0.08%	0.10%	0.11%	0.07%	0.01%	0.02%	0.046%	0.006%	0.02%

The aforementioned results are based on the northern and eastern sectors of the deposit and are deemed to reasonably represent the first thirty years of operation according to the mine development plan envisioned at this time.

Stars Property

In November 2017, the Company signed two separate option agreements for options to acquire up to an 80% interest in a total of 2,136 Hectares of prospective mining claims in the Omineca Mining Division located in north central British Columbia, approximately 40 kilometres south - southwest of Houston (collectively, the "Stars Property").

The Stars Property is located 60 kilometres to the north of Imperial Metals Huckleberry mine. M3 Metals' Stars Property is host to wide spread chargeability anomalies and significant copper-gold-silver mineralization outcropping at surface. The Stars Property is underlain by Lower Jurassic volcanics, and Lower Cretaceous Skeena Group sediments that are intruded by variably mineralized Late Cretaceous intermediate to felsic Bulkley Suite intrusive rocks.

The Stars Property is fully permitted for drilling on two main zones that were first discovered in the late 1990's when new logging roads were being constructed in the area. Since then mineralization has been confirmed in shallow drilling, and consists predominately of quartz sulphide veins containing chalcocite, bornite, chalcopyrite, and pyrite in intensely altered host volcanic rocks. The outcropping mineralization, especially at the Road Zone, is interpreted to be high level porphyry style mineralization evident from euhedral chalcocite crystals with intense muscovite replacement in the wall rock. It is possible that this zone is immediately above or proximal to an enriched copper porphyry zone and that the two adjacent zones identified on surface on the property join at depth in a higher grade zone. Rock samples from the Road Zone assayed up to 3.3% Copper, 0.2 g/t Gold, and 12.2 g/t Silver. The chargeability anomalies were identified on the property by a Hunter Dickinson Group company in 2000 and are at least 3 kilometres x 3 kilometres across and open to the north, south, and east.

The first agreement (the "First Agreement") is with Pacific Empire Minerals Corp., an arm's length party which currently owns 50% of the Stars Property. Under the terms of the First Stars Agreement, the Company has the option to earn up to a 30% interest in the Stars Property by completing the following:

	Cash payment (\$)	Common shares	Expenditures (\$)
Upon TSX-V approval – June 5, 2018	(paid) 10,000	(issued) 10,000	-
On or before June 5, 2019	(paid) 20,000	(issued) 20,000	(incurred) 500,000 ¹
On or before June 5, 2020	50,000	30,000	(incurred) 1,000,000 ¹
On or before June 5, 2021	-	-	3,000,000
Total Requirement	80,000	60,000	4,500,000

¹ As at August 31, 2019, the Company had incurred \$2,112,598 in exploration expenditures.

The second agreement (the "Second Agreement") is with Divitiae Resources Ltd. a non-arms-length party owned by Adrian Smith, P.Geol, a director of the Company, which currently owns 50% of the Stars Property. Under the terms of the Second Agreement, the Company has the option to earn up to an additional 50% interest in the Stars Property by completing the following:

	Cash payment (\$)	Common shares
Upon TSX-V approval – June 5, 2018	(paid) 10,000	(issued) 20,000
On or before June 5, 2019	(paid) 20,000	(issued) 40,000
On or before June 5, 2020	50,000	30,000
On or before June 5, 2021	50,000	100,000
Total Requirement	130,000	190,000

M3 Metals can earn a total of 80% interest in the Stars Property by fully exercising the options in the First Agreement and the Second Agreement as outlined above.

During the first quarter of 2018, the Company began drilling a first phase program totaling 2,200 metres designed to test zones described above on the Stars property. On February 28, 2018, the Company announced a new discovery on its Stars project where hole 4 (DD18SS004) intersected 0.45% Copper (0.50% CuEq) over 204 metres (m) including 1.02% CuEq (0.93% Cu) over 40.2m from surface.

2018 Preliminary Drillhole Results

HoleID	From (m)	To (m)	Interval (m)	Cu (%)	Au (g/t)	Ag (g/t)	Mo (%)	CuEq (%)
DD18SS004	23.47	227.69	204.22	0.45	0.045	1.64	0.0048	0.50
incl	26.52	66.72	40.20	0.93	0.092	3.27	0.0047	1.02
further incl.	64.92	66.72	1.80	10.29	1.065	31.85	0.0737	11.35
and incl.	115.76	117.20	1.43	8.33	1.361	8.83	0.1741	9.62
DD17SS001	35.66	297.79	262.13	0.11	0.013	0.39	0.0033	0.13
DD17SS002	26.52	252.07	225.55	0.10	0.007	0.37	0.0026	0.11
incl	249.02	252.07	3.05	1.05	0.020	1.86	0.0007	1.08
DD18SS003	23.47	188.06	164.59	0.13	0.013	0.39	0.0032	0.15

** CuEq calculated using following metal prices: Cu @ \$3.19/lb, Au @ \$1330/oz, Ag @ \$16.60/oz, Mo @ \$7.26/lb (all price in \$US)

***True widths are unknown at this time.

Hole 4 (DD18SS004) was drilled on the eastern flank of the newly identified magnetic ring structure (see Figure 1). The mineralization in hole 4 consists predominantly of chalcopyrite mineralization and likely does not represent the potassic core of a system, but does indicate the potential for significant copper endowment. The style of mineralization observed (massive chalcopyrite veins with secondary biotite halos overprinted by chlorite) suggests the high-grade copper mineralization is being ejected further out from the higher temperature .

Holes 1 through 3 (DD17SS001, DD17SS002, DD18SS003) show copper grades that are consistent with what can be expected marginal to and within broad porphyry deposits. These holes also display a clear zonation of decreasing sulfidation state and increasing temperature indicating a high potential area lies to the west of this area. This is further supported by the recent magnetic survey and observations from holes 5 and 6.

Based on the positive results from the drilling in the east central area of the Stars property, the company elected to name this area the Tana Zone as described below.

The Tana Zone is located on the eastern flank of the large 5-kilometre-long magnetic ring anomaly centred within M3 Metals' Stars Property. Copper mineralization has been directly related to feldspar porphyry intrusions with zones of increased potassic alteration typically making up the central portions of the mineralized intervals. Observations of the potassic alteration indicate that the mineralization is "leaking" from a larger source. These observations include high grade potassic breccias cemented with chalcopyrite (copper).

The main rock units present are altered feldspar-phyric porphyry intrusions cutting hornfelsed and silicified Hazelton Group volcanic rocks. The newly discovered porphyry unit has now been observed in six separate drill hole at the Tana Zone. M3 Metals Geologists have noted many similarities to the Huckleberry deposit in regards to the lithology and mineralization styles.

Hole 11 (DD18-SS011) – Hole 11 was drilled 100-metres east of the previously reported Hole 10, which intersected 405 metres of copper in a steeply-dipping mineralized zone. Hole 11 intersected similar volcanics with intercalated porphyry intrusions resulting in two separate mineralized intervals (91 metres @ 0.25 CuEq from 75.29 to 166.73 metres; and 106 metres @ 0.22% CuEq from 218.54 to 325.22 metres). Hole 11 successfully identified the eastern extension of the Tana Zone along a km-scale linear magnetic low feature. The Tana Zone remains open in multiple directions.

Hole 12 (DD18-SS012) – Hole 12 cut two separate intervals of copper mineralization (21 metres @ 0.17% CuEq from 47.85 to 69.19 metres; and 40 metres @ 0.19% CuEq from 105.77 to 145.39 metres). Hole 12 intersected pervasive phyllic, Quartz-Sericite-Pyrite “QSP” alteration representing high-level alteration of a porphyry system. Hole 12 was drilled 100 meters southwest of the Hole 10 and was also successful in intersecting mineralized feldspar porphyry intrusives cutting hornfelsed and silicified volcanics.

Hole 13 (DD18-SS013) – Hole 13 cut a large interval of copper mineralization with numerous higher grade sub-intervals (73 metres @ 0.30% CuEq from 54.25 to 127.41 metres; within 183 metres @ 0.25% CuEq from 8.53 to 191.41 metres). Hole 13 intersected abundant disseminated and vein hosted copper mineralization contained within and proximal feldspar porphyry intrusions cutting pervasively silicified and hornfelsed volcanic rocks of the Hazelton Group. Hole 13 was drilled steeply from the same collar location as Hole 12 in the opposite direction to test the mineralization below the extensive QSP alteration observed in Hole 12.

Tana Zone Drilling – 2018 Significant Intercepts

Hole ID	From (m)	To (m)	Interval (m)¹	Cu %	Au (ppb)	Ag (g/t)	Mo %	CuEq %²
<u>DD18-SS010</u>	29.57	434.95	<u>405.38</u>	0.2	24	0.754	0.0082	<u>0.26</u>
<i>incl.</i>	178.92	367.89	<u>188.97</u>	0.25	35	0.824	0.0119	<u>0.33</u>
<i>incl.</i>	392.28	416.66	<u>24.38</u>	0.25	24	1.224	0.0092	<u>0.32</u>
<i>incl.</i>	203.3	282.55	<u>79.25</u>	0.3	43	0.945	0.0144	<u>0.4</u>
<i>incl.</i>	337.41	367.89	<u>30.48</u>	0.4	46	1.343	0.0126	<u>0.5</u>

Hole ID	From (m)	To (m)	Interval (m)	Cu (%)	Mo (%)	Ag (g/t)	Au (g/t)	CuEq (%)
DD18SS013	8.53	191.41	182.88	0.20	0.0051	0.800	0.037	0.25
<i>including</i>	54.25	127.41	73.16	0.30	0.0088	1.110	0.030	0.36
<i>and including</i>	75.29	90.83	15.54	0.39	0.0187	1.456	0.043	0.52
<i>including</i>	103.02	112.17	9.15	0.45	0.0033	1.613	0.049	0.49
DD18SS011	75.29	166.73	91.44	0.19	0.0067	0.703	0.038	0.25
<i>and</i>	218.54	325.22	106.68	0.18	0.0028	0.660	0.035	0.22
DD18SS012	47.85	69.19	21.34	0.15	0.003	0.535	0.013	0.17
<i>and</i>	105.77	145.39	39.62	0.16	0.0055	0.681	0.013	0.19

(1) The intervals reported in these tables represent drill intercepts and insufficient data is available at this time to state the true thickness of the mineralized zone

(2) CuEq (Copper Equivalent) values are calculated using metal spot prices at market close on August 20th 2018 USD \$2.70 / lb Cu, \$11.80 / lb Mo, \$14.75 / oz Ag, \$1195 / oz Au

The Tana Zone remains open along strike and at depth where additional drilling is being planned to test this theory. A larger drill will be needed to fully test the depth potential at the Tana Zone.

Final Results from 2018 drilling program are reported in the table below.

Final 2018 program drilling results

Hole ID	From (m)	To (m)	Interval (m)	Cu (%)	Au (g/t)	Ag (g/t)	Mo (%)	CuEQ(%)
Hole DD18SS015	157.9	368.2	210.3	0.21	0.03	0.86	0.011	0.28
<i>incl.</i>	215.8	310.3	94.5	0.3	0.04	1.3	0.013	0.39
<i>and incl.</i>	231	298.1	67.1	0.35	0.05	1.56	0.015	0.45
	444.4	454.3 (EOH)	9.9	0.45	0.02	0.54	0.002	0.48
Hole DD18SS015	29.6	185	155.4	0.22	0.02	0.93	0.004	0.26
<i>incl.</i>	57	121	64	0.34	0.03	1.71	0.006	0.4
	233.78	474.6	240.8	0.145	0.02	0.43	0.006	0.19
<i>incl.</i>	236.83	349.61	112.8	0.2	0.02	0.56	0.005	0.24
Hole DD18SS016	72.2	282.5	210.3	0.12	0.02	0.42	0.002	0.14

(1) The intervals reported in these tables represent drill intercepts and insufficient data is available at this time to state the true thickness of the mineralized zone

(2) CuEq (Copper Equivalent) values are calculated using metal spot prices at market close on August 20th 2018 USD \$2.70 / lb Cu, \$11.80 / lb Mo, \$14.75 / oz Ag, \$1195 / oz Au

In total M3 Metals completed 6,782 metres of drilling on the Stars project during 2018. Data from the 2018 drilling program is currently being analyzed and follow up work for the 2020 field season is currently being planned.

Aspen Gold Property

The Aspen Property is located approximately 75 kilometers southwest of Vanderhoof, British Columbia, Canada, in the Omineca Mining Division. The property consists of 7 mineral claims totaling 4,169.81 hectares, whereas of the date of this report, all claims are owned in part or in whole, by M3 Metals as outlined below.

The Company has entered into an agreement (the "First Agreement") with a company controlled by Andrew Bowering (the "First Optionor"), a director of the Company, to purchase a 90% interest in 12 of the mineral claims comprising the Aspen property and covering an area of 5,537 hectares through the payment of cash. Whereby the First Optionor retains 10% interest that is carried to the point at which a bankable feasibility study, if any, is completed. Upon the completion of a bankable feasibility the company and the First Optionor have agreed to enter into a joint venture agreement. There are no royalties subjected upon the 90% interest of the 12 mineral claims purchased by M3 Metals from the First Optionor under the First Agreement.

Additionally, the Company entered into an agreement (the "Second Agreement") with TTM Resources Inc. ("TTM") to purchase a 100% interest in three of the mineral claims comprising the Aspen property and covering an area of 1,874 hectares through the payment of cash and common shares in M3 Metals. The purchase of these claims is subject to a 2% net smelter return royalty where the Company may, at any time, reduce the net smelter return royalty to 1% by paying the sum of \$500,000 to TTM.

The Aspen Gold Property is strategically located within the "Nechako Uplift" block identified by New Gold Inc. Recent airborne magnetic geophysical surveys completed by Geoscience BC (2014) have identified distinct ovoid magnetic response halos (~5km in diameter) representing granitic porphyry stocks proximal to both the Blackwater deposit and Aspen. Given the proximity of these stocks to the Blackwater, Capoose, and Chu deposits in the region, they are interpreted to have a first order control on the mineralization within the district. Aspen is ideally located on the margin of one of these two distinct halos, where the Blackwater deposit sits on the margin of the other. The property has high potential to host significant Au-Ag mineralization in a similar structural and geological setting as Blackwater.

Exploration in 2016 by the Company included a small soil sampling program resulting in the collection and analysis of 169 soil samples. The survey was successful in outlining a molybdenum-in-soil anomaly that measures 2000 m by 850 m, and remains open to the north, south and to the west.

Exploration in 2017 by the Company included an induced polarization ("IP") geophysical survey program conducted in March of 2017, and consisted of 9 line kilometers in three separate lines. Results from the survey identified a large 1.1 kilometre chargeability anomaly with coincident resistivity in an area with minimal but highly anomalous silver in soil values. It is postulated that the new anomaly occurring completely within the Southern Block of the Aspen project could be related to Blackwater style mineralization. Additional soil samples are recommended to cover the area, followed by additional IP lines to close off the anomaly both to the north and south of the current reconnaissance IP line, followed by drill testing of the target.

No work was completed on the Aspen property during the 2018 and 2019 field season, and the Company is currently reviewing potential 2020 field work plans.

Palmetto Project

In October 2016, the Company entered into an option agreement (the "Option Agreement") to acquire a 100% right, title and interest to a total of 30 unpatented mining claims (the "Palmetto Project"). The Palmetto Project is located in Esmeralda County, Nevada, within the southern portion of the Walker Lane gold trend.

As at August 31, 2018, the Company did not have any future exploration plan on the Palmetto Project. As a result, the Company wrote down the property to \$1. As at January 2, 2019, the Company terminated the Option Agreement and wrote-off the Palmetto Project.

Pinnacle Reef Property

In July 2016, the Company entered into a mineral property option agreement (the "Agreement") with Pacific Empire Minerals Corp. (the "Optionor") whereby M3 Metals is granted the option (the "Option") to acquire up to a 70% interest in the Pinnacle Reef Property (the "Property"), 50 kilometres (km) northwest of the Mt. Milligan Copper-Gold mine in Central British Columbia.

In July 2019, the Company decided not to proceed with the acquisition and terminated the option agreement. As at August 31, 2019, the Company wrote-off the related costs it had incurred resulting in a write-off of \$1,205,532 being recognized.

Mohave Mine Gold Property

On September 21, 2019, the Company entered into a option agreements with DDS Resources LLC and Mohave Mine Partnership LLC (collectively, "Optionors") to acquire, by way of option, up to 100% of certain mining claims in the Weaver mining district, Mohave County, Arizona, USA (collectively, the "Mohave Mine Gold Property").

Under the terms of the agreement, the Company has the option to earn up to a 100% interest in the Mohave Mine Gold Property by completing the following:

	Cash payment (US\$)	Expenditures (US\$)
Within ten days of execution of the agreement*	(paid subsequently) 50,000	-
On or before the Payment Commencement Date**	-	50,000
On or before 10 days after the Payment Commencement Date**	75,000	-
On or before the first anniversary of the Payment Commencement Date**	-	200,000
On or before 10 days after the first anniversary of the Payment Commencement Date**	100,000	-
On or before the second anniversary of the Payment Commencement Date**	-	300,000
On or before 10 days after the second anniversary of the Payment Commencement Date**	150,000	-
On or before the third anniversary of the Payment Commencement Date**	-	350,000
On or before 10 days after the third anniversary of the Payment Commencement Date**	200,000	-
On or before the fourth anniversary of the Payment Commencement Date**	-	400,000
On or before 10 days after the fourth anniversary of the Payment Commencement Date**	3,000,000	-
Total Requirement	3,575,000	1,300,000

*The Company was also required, under the terms of the agreement, to pay the BLM claim maintenance fees (paid subsequently) for the period September 1, 2019 to August 31, 2020.

** Payment Commencement Date shall commence on the earlier of: (i) the date the Company has received all required governmental permits to carry out its initial exploration program on the Mohave Mine Gold Property; (ii) eighteen months after September 21, 2019 provided that it cannot be less than twelve months.

Upon the completion of all payments, the Company will grant a 1.5% net smelter royalty to the Optionors.

The Project area covers numerous historic gold mines in the Weaver mining district, Mohave County, Arizona, USA. In addition to the historic gold mines on the Project, there is an approximate 5-kilometre gold-in-soil and gold-in-rock geochemical anomaly that extends across the entire length of the Project (see Figure 1). Large areas of the anomalous gold geochemistry including several historic gold mines have not had any modern exploration or drilling. The Company has secured the mineral rights to all the historic mines falling within the Project and believes they may be related to a property wide gold system.

There have been more than 550 historic drill holes totaling approximately 68,000 feet drilled on the project primarily focusing on the development of historic non-compliant resources within limited areas on the Project. All the historic drilling has been done in the northern one-fourth of the property, and most of these holes were shallow, 100 foot-deep, air-track holes, many of which stopped in mineralization. Most of the work was done by private companies in the 1980's and 1990's who spent approximately 12 million developing the historic resources in the northern part of the Project rather than exploring the potential for a much larger deposit.

Previous development work includes blasting of an initial bench at the Klondyke Mine representing the beginning of open-pit style operations. The blasted material remains stockpiled next to the primary jaw crusher located at the 350 tonne-per-hour crushing facility that remains on the Project's mill-site claims where heap-leach infrastructure including a heap-leach pad, buildings, a jaw crusher, two cone crushers and a conveyor system were installed and remain in good condition.

Significant potential for identifying and defining new mineralized areas remains as is evident from widespread elevated gold-in-soil and mineralized rock outcrops occurring across the Project. Potential targets include expanding on historic drilled areas on the northern half of the Project and the large elevated geochemical untested/undrilled areas and historic small-scale underground mines that occur on the southern half.

M3 Metals initial efforts to compile and digitize the historic data has resulted in identifying significant target areas. The most prominent area, newly termed the Dixie King, shows potential for a large-scale gold system over a two-by-two-kilometre area which overlaps with a string of historic mines commonly referred to as the Dixie Mines. This area has not seen any modern exploration.

Highlights:

- two by two-kilometre target area never drill tested
- Individual soil samples up to 3.7 g/t gold
- Individual rock samples up to 125.6 g/t gold
- No drilling on southern part of Project

The historically reported high-grade underground mines on the property have not been exploited at a commercial scale and remain in place. These areas have the potential to be brought into a 43-101 compliant resource with an aggressive drilling program. Little effort from the previous operators focused on testing new targets or expanding on the historical resources, instead work focused on construction of the heap leach operation and infrastructure. Regional geological models indicate that there may be depth extensions or "feeder zones" beneath the well mineralized areas on the property in-line with similar systems in the region. Mineralization on the project area is shown to occur across multiple rock types attributing to the well-developed nature and the potential size of the gold system.

Quality Control and Quality Assurance

The scientific and technical content and interpretation contained in this MD&A have been reviewed, verified and approved by Adrian Smith, P. Geo., B.Sc., a Qualified Person as defined by NI 43-101, Standards of Disclosure for Mineral Projects.

Overall Performance

Operating expenses for the year ended August 31, 2019 were \$1,567,068 versus \$1,676,430 in the comparative period ended August 31, 2018. The lower operating expenses is partly the result of the decrease in some corporate activities which led to lower operating expenses in consulting fees, office and administration, and travel and related.

The Company recognized a net and comprehensive loss of \$2,556,812 in the year ended August 31, 2019 versus a net and comprehensive loss of \$3,178,227 in the comparative period ended August 31, 2018. The lower net loss in the current year is attributable to the write-off of exploration and evaluation properties. In the current year, the Company recorded write-off of \$1,205,533 on exploration and evaluation properties, a reversal of flow-through premium liability of \$187,681, gain on forgiveness of debt of \$26,905, and interest income of \$1,203. In the comparative period ended August 31, 2018, the Company recorded write-off of \$1,744,691 on exploration and evaluation properties, a reversal of flow-through premium liability of \$241,483, and interest income of \$1,411.

The total net increase in cash during the year ended August 31, 2019 was \$95,779 compared to an increase of \$437,774 in the comparative period ended August 31, 2018. The Company experienced an increase in cash as the result of closing the Company's private placements in May 2019, but the increase was offset partially by cash outflows from operating activities of \$1,041,839 and exploration expenditures of \$719,992, and share issuance costs of \$40,350. The increase in cash in the prior period was the result of closing the Company's private placements in December 2017 and June 2018 and proceeds from stock options and warrants exercised, but the increase was offset partially by cash outflows from operating activities of \$1,058,021 and exploration expenditures of \$1,980,817.

Selected Annual Information

All financial information in this MD&A has been prepared in accordance with IFRS.

The following financial data is derived from the Company's annual audited financial statements for the years ended August 31, 2019, 2018 and 2017:

	2019	2018	2017
	\$	\$	\$
Revenues	-	-	-
General and administrative expenses	(1,567,068)	(1,676,430)	(1,714,475)
Loss and comprehensive loss	(2,556,812)	(3,178,227)	(1,762,754)
Basic and diluted loss per common share	(0.15)	(0.37)	(0.28)
Working capital	1,252,291	390,911	260,409
Exploration and evaluation properties	2,305,889	3,060,871	2,577,062
Total assets	3,669,100	4,313,537	3,254,242
Total liabilities	98,687	847,064	396,599

All of the Company's projects are at the exploration stage and, to date, the Company has not generated any revenues other than interest income. At August 31, 2019, the Company had not yet achieved profitable operations and has accumulated losses of \$39,471,944 (2018 – \$38,253,165) since inception. The loss incurred during the year resulted in a net loss per share (basic and diluted) for the year ended August 31, 2019 of \$0.15 (2018 - \$0.37).

Results of Operations

The following table sets forth selected financial information from the Financial Statements for the years ended August 31, 2019 and 2018:

Expenses	For the years ended	
	August 31,	
	2019	2018
	\$	\$
Consulting fees	548,256	676,633
Depreciation	4,498	5,481
Investor relations	29,327	103,782
Office and administration	122,915	148,409
Professional fees	64,812	68,009
Property investigation costs	18,924	10,827
Share-based compensation	762,102	643,723
Travel and related	16,234	19,566
	<u>1,567,068</u>	<u>1,676,430</u>

As an exploration company, the Company has yet to generate any revenue from its planned operations and has, to date, incurred annual net losses from operating and administrative expenses.

The table below details the changes in major expenditures for the year ended August 31, 2018 as compared to the corresponding period ended August 31, 2017.

Expenses	Increase / Decrease in Expenses	Explanation for Change
Consulting fees	Increase of \$185,095	Increased due to the Company increasing the number of consultants for financial strategies in North America, Europe, and Asia and increase in management compensation.
Investor relations	Increase of \$42,270	Increased due to higher costs of advertising and marketing materials.
Share-based compensation	Decrease of \$212,690	Decreased as fewer stock options were granted in the current year.

The table below details the changes in major expenditures for the years ended August 31, 2019 as compared to the corresponding period ended August 31, 2018.

Expenses	Increase / Decrease in Expenses	Explanation for Change
Consulting fees	Decrease of \$128,377	Decreased due to decrease in management compensation and engaged less consultants.
Investor relations	Decrease of \$74,455	Decreased due to decrease in advertising activities.
Office and administration	Decrease of \$25,494	Decreased due to lower monthly rent fees.
Share-based compensation	Increase of \$118,379	Increased due to less options granted in the prior period.

Quarterly Information

	Three Months Ended			
	Aug 31, 2019	May 31, 2019	Feb 28, 2019	Nov 30, 2018
	\$	\$	\$	\$
Revenue	-	-	-	-
Income (loss) and comprehensive income (loss)	(155,518)	(2,158,395)	8,511	(251,410)
Basic and diluted earnings (loss) per share	(0.01)	(0.14)	0.00	(0.02)

	Three Months Ended			
	Aug 31, 2018	May 31, 2018	Feb 28, 2018	Nov 30, 2017
	\$	\$	\$	\$
Revenue	-	-	-	-
Loss and comprehensive loss	(2,251,094)	(324,440)	(488,541)	(114,152)
Basic and diluted loss per share	(0.22)	(0.04)	(0.06)	(0.02)

Variances quarter over quarters can be explained as follows:

- During the quarters ended May 31, 2019, August 31, 2018, and February 28, 2018, the Company recorded share-based compensation of \$762,102, \$349,923, and \$293,800, respectively.
- During the quarters ended February 28, 2019, August 31, 2018 and February 28, 2018, the Company recognized a reversal of flow-through premium liability of \$187,681, \$193,597 and \$47,886, respectively.
- During the quarters ended May 31, 2019, February 28, 2019, and August 31, 2018, the Company recognized an impairment relating to exploration and evaluation properties of \$1,205,532, \$1, and \$1,744,691, respectively.

Fourth Quarter

During the quarter ended August 31, 2019, the Company's operating and administrative expenses totaled \$156,721. The significant expenses were consulting fees of \$78,252, office and administration of \$33,217, and professional fees of \$35,777. In addition, the Company incurred exploration expenditures of \$106,060.

Liquidity and Capital Resources

The Company is not in commercial production on any of its properties and accordingly, the Company does not generate cash from operations. The Company finances its exploration activities by raising capital from equity markets from time to time.

The Company's liquidity and capital resources at the following dates are as follows:

	August 31, 2019	August 31, 2018
	\$	\$
Cash	1,150,893	1,055,114
GST receivable	10,902	36,337
Due from related party	22,370	-
Prepaid expenses	166,813	146,524
Total current assets	1,350,978	1,237,975
Accounts payables and accrued liabilities	98,687	659,383
Flow-through premium liability	-	187,681
Working capital	1,252,291	390,911

The Company has financed its operations to date through the issuance of common shares. The Company seeks to raise capital through various means including the issuance of equity and/or debt.

As at August 31, 2019, the Company had a working capital of \$1,252,291 (2018 – \$390,911) and a cash position of \$1,150,893 (2018 – \$1,055,114). During the year ended August 31, 2019, the Company's working capital position increased by \$861,380 due to closing of the Company's private placements in May 2019.

The Company does not currently have any revenue generating assets or operations. The Company will require additional financial resources to explore, quantify and develop its exploration and evaluation assets. The continued operations of the Company and the recoverability of the amounts reported for resource property interests is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete exploration and development programs, and upon future profitable production.

Related Party Transactions

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including directors (executive and non-executive) of the Company.

During the year ended August 31, 2019, the Company entered into the following transactions with related parties, not disclosed elsewhere in the Financial Statements:

- i. Incurred exploration and evaluation asset expenditures of \$354,603 (2018 - \$1,643,265) to Sunrise Drilling Ltd., a company controlled by Andrew Bowering, Adrian Smith, and Kosta Tsoutsis, a former officer and director, the president and director, and an officer and director of the Company, respectively. Included in accounts payable and accrued liabilities at August 31, 2019 is \$560 (2018 - \$283,502) owing to this company.

- ii. Incurred consulting fees of \$120,000 (2018 - \$141,000) to Divitiae Resource Ltd., a company controlled by Adrian Smith, President and a director of the Company. Included in accounts payable and accrued liabilities at August 31, 2019 is \$nil (2018 - \$14,700) owing to this company.
- iii. As at August 31, 2019, \$nil (2018 - \$15,025) was included in accounts payable and accrued liabilities owing to Adrian Smith, a director and President of the Company.
- iv. Incurred consulting fees of \$50,000 (2018 - \$170,000) to Bowering Projects Ltd., a company controlled by Andrew Bowering, a former officer and director of the Company. As at August 31, 2019, \$nil (2018 - \$225,750) was included in accounts payable and accrued liabilities owing to this company and the Company recorded a gain on forgiveness of accounts payable of \$26,905 (2018 - \$nil) related to this company.
- v. Paid or incurred consulting fees of \$36,000 (2018 - \$37,500) to Brian Morrison, an officer and director of the Company. Included in accounts payable and accrued liabilities at August 31, 2019 is \$45 (2018 - \$nil).
- vi. Paid or incurred consulting fees of \$120,000 (2018 - \$92,500) to Kosta Tsoutsis, an officer and director of the Company. Included in accounts payable and accrued liabilities at August 31, 2019 is \$902 (2018 - \$nil).
- vii. Incurred rent expense of \$34,500 (2018 - \$42,000) to Millennial Lithium Corp., a company related by way of a common officer.
- viii. As at August 31, 2019, \$22,370 (2018 - \$nil) was included in due from related party owing from, Global Vanadium Corp., a company related by virtue of a common officer and a common director for reimbursement of expenses.

Summary of key management personnel compensation:

	For the years ended August 31,	
	2019	2018
	\$	\$
Consulting fees	326,000	441,000
Share-based compensation	499,087	479,175
	825,087	920,175

The following amounts were incurred with respect to officers, directors and companies controlled by officers and directors:

	For the years ended August 31,	
	2019	2018
	\$	\$
Exploration and evaluation property expenditures	354,603	1,643,265
Rent	34,500	42,000
	389,103	1,685,265

Off Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Critical Accounting Estimates

The preparation of the Financial Statements requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, as well as the reported revenues and expenses during the reporting period. Based on historical experience and current conditions, management makes assumptions that are believed to be reasonable under the circumstances. These estimates and assumptions form the basis for judgments about the carrying value of assets and liabilities and reported amounts for revenues and expenses. Different assumptions would result in different estimates, and actual results may differ from results based on these estimates. These estimates and assumptions are also affected by management's application of accounting policies. Critical accounting estimates are those that affect the audited financial statements materially and involve a significant level of judgment by management.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the recoverability of exploration and evaluation assets, valuation of share-based compensation, and recognition of deferred tax amounts.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Economic recoverability and probability of future economic benefits of exploration and evaluation assets

Management determined exploration, evaluation, and related costs incurred which are capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

Valuation of share-based compensation

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expect timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

New Accounting policy adopted

The Company adopted all of the requirements of IFRS 9 – Financial Instruments (“IFRS 9”) as of September 1, 2018. IFRS 9 replaces IAS 39 – Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking “expected loss” impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company’s accounting policy with respect to financial liabilities is unchanged. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application. The change did not impact the carrying value of any financial assets or financial liabilities on the transition date.

The following is the Company’s new accounting policy for financial instruments under IFRS 9:

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income (“FVOCI”); or (iii) fair value through profit or loss (“FVTPL”). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income/loss.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Receivables are measured at amortized cost with subsequent impairments recognized in profit or loss and cash is classified as FVTPL.

Impairment

An ‘expected credit loss’ impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset’s original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statements of financial position subsequent to inception and how changes in value are recorded. Accounts payable and accrued liabilities are classified as amortized cost and carried on the statements of financial position at amortized cost.

As at August 31, 2019, the Company does not have any derivative financial liabilities.

Accounting pronouncements not yet adopted

A number of new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the year ended August 31, 2019 and have not been applied in preparing these consolidated financial statements:

IFRS 16 – Leases: On January 13, 2016, the IASB issued the final version of IFRS 16 Leases. The new standard will replace IAS 17 Leases and is effective for annual periods beginning on or after January 1, 2019. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to finance leases applying IAS 17. IFRS 16 does not require a lessee to recognize assets and liabilities for short-term leases (i.e. leases of 12 months or less) and leases of low-value assets. The Company does not expect that the adoption of this standard will have a material effect on the Company's consolidated financial statements.

IFRIC 23 – Uncertainty Over Income Tax Treatments: clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. It is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. The Company does not expect that the adoption of this standard will have a material effect on the Company's consolidated financial statements.

Commitments

On May 1, 2019, the Company entered into a consulting agreement with the CFO and director of the Company. The agreement requires monthly payments of \$3,000 for a period of 60 months. Included in the agreement is a provision for a one year payout in the event of termination without cause.

On May 1, 2019, the Company entered into a management agreement with the President and director of the Company. The agreement requires monthly payments of \$10,000 for a period of 60 months. Included in the agreement is a provision for a one year payout in the event of termination without cause.

On May 1, 2019, the Company entered into a consulting agreement with the CEO and director of the Company. The agreement requires monthly payments of \$10,000 for a period of 60 months. Included in the agreement is a provision for a one year payout in the event of termination without cause.

Financial Instruments and Financial Risk Management

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, GST receivable, due from related party and accounts payable and accrued liabilities. The fair value of these financial instruments, other than cash, approximates their carrying values due to the short-term nature of these instruments. Cash is measured at fair value using level 1 inputs.

The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate, liquidity and commodity price risk.

a) Currency risk

The Company conducts exploration and evaluation activities in the United States. As such, it is subject to risk due to fluctuations in the exchange rates for the Canadian and US dollars. As at August 31, 2019, the Company does not have significant net assets or liabilities in US dollars, therefore, the Company has determined that there is very limited currency risk at this time.

b) Credit risk

Credit risk is risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash is held in large Canadian financial institutions and GST receivable is due from the Government of Canada. The Company's financial instrument related to the GST receivable is not exposed to significant credit risk.

c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to limited interest rate risk as it only holds cash.

d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company's ability to continue as a going concern is dependent on management's ability to raise the required capital through future equity or debt issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning, and approval of significant expenditures and commitments.

e) Commodity price risk

The ability of the Company to explore and evaluate its exploration and evaluation properties and the future profitability of the Company are directly related to the price of gold. The Company monitors iron and gold prices to determine the appropriate course of action to be taken.

Risks and Uncertainties

The operations of the Company are speculative due to the high-risk nature of its business, which is the acquisition, financing, 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 information relating to the Company.

Liquidity Concerns and Future Financings

The Company will require significant capital and operating expenditures in connection with the development of its properties. There can be no assurance that the Company will be successful in obtaining required financing as needed. Volatile markets may make it difficult or impossible for the Company to obtain debt financing or equity financing on favorable terms, if at all. Failure to obtain additional financing on a timely basis may cause the Company to postpone or slow down its development plans, forfeit rights in some or all of its properties or reduce or terminate some or all of its activities.

While the Company's financial statements have been prepared on the basis of a going concern which contemplates the realization of assets and satisfaction of liabilities in the normal course of operations, there are conditions and events that may cast doubt about the validity of that assumption.

No Revenues

To date the Company has recorded no revenues from operations and the Company has not commenced commercial production or development on any property. There can be no assurance that significant losses will not occur in the near future or that the Company will be profitable in the future. The Company's operating expenses and capital expenditures may increase in subsequent years in relation to the engagement of consultants, personnel and equipment associated with advancing exploration, development and commercial production of the Company's properties. The Company expects to continue to incur losses for the foreseeable future. The development of the Company's properties will require the commitment of substantial resources to conduct time-consuming exploration. There can be no assurance that the Company will generate any revenues or achieve profitability.

Mineral Resource and Mineral Reserve Estimates May be Inaccurate

There are numerous uncertainties inherent in estimating mineral resources and mineral reserves, including many factors beyond the control of the Company. Such estimates are a subjective process, and the accuracy of any mineral resource or mineral reserve estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. These amounts are estimates only and the actual level of mineral recovery from such deposits may be different. Differences between management's assumptions, including economic assumptions such as metal prices and market conditions, could have a material adverse effect on the Company's financial position and results of operations.

Title to Properties

The acquisition of title to resource properties is a very detailed and time-consuming process. The Company holds its interest in certain of its properties through mining claims. Title to, and the area of, the mining claims may be disputed. There is no guarantee that such title will not be challenged or impaired. There may be challenges to the title of the properties in which the Company may have an interest, which, if successful, could result in the loss or reduction of the Company's interest in the properties.

Licenses and Permits, Laws and Regulations

The Company's exploration and development activities, including mine, mill, road, rail and other transportation facilities, require permits and approvals from various government authorities, and are subject to extensive federal, provincial, state and local laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health and safety, mine safety and other matters. Such laws and regulations are subject to change, can become more stringent and compliance can therefore become more costly. In addition, the Company may be required to compensate those suffering loss or damage by reason of its activities. There can be no guarantee that the Company will be able to maintain or obtain all necessary licenses, permits and approvals that may be required to explore and develop its properties, commence construction or operation of mining facilities.

Nature of Mining, Mineral Exploration and Development Projects

Mining operations generally involve a high degree of risk. The Company's operations are subject to the hazards and risks normally encountered in mineral exploration, development and production, including environmental hazards, explosions, unusual or unexpected geological formations or pressures and periodic interruptions in both production and transportation due to inclement or hazardous weather conditions. Such risks could result in damage to, or destruction of, mineral properties or producing facilities, personal injury, environmental damage, delays in mining, monetary losses and possible legal liability.

Mineral exploration is highly speculative in nature. There is no assurance that exploration efforts will be successful. Even when mineralization is discovered, it may take several years until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable mineral reserves through drilling. Because of these uncertainties, no assurance can be given that exploration programs will result in the establishment or expansion of mineral resources or mineral reserves. There is no certainty that the expenditures made by the Company towards the search and evaluation of mineral deposits will result in discoveries or development of commercial quantities of ore. Exploration and development projects have no operating history upon which to base estimates of future cash operating costs. For development projects, reserve and resource estimates and estimates of cash operating costs are, to a large extent, based upon the interpretation of geologic data obtained from drill holes and other sampling techniques, and feasibility studies, which derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, ground conditions, the configuration of the ore body, expected recovery rates of minerals from the ore, estimated operating costs, anticipated climatic conditions and other factors. As a result, actual production, cash operating costs and economic returns could differ significantly from those estimated. Indeed, there have been a number of mining operations that have ceased or been suspended or delayed because operations costs are greater than projected. Current market conditions are forcing many mining operations to increase capital and operating cost estimates. It is not unusual for new mining operations to experience problems during the start-up phase, and delays in the commencement of production often can occur.

Uninsured Risks

The Company maintains insurance to cover normal business risks. In the course of exploration and development of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including explosions, rock bursts, cave-ins, fire and earthquakes may occur. It is not always possible to fully insure against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could result in significant liabilities to the Company and increase costs of projected.

Iron Ore and Gold Prices

The profitability of the Company's operations will be dependent upon the market price of mineral iron ore and gold. Iron ore and gold prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The level of interest rates, the rate of inflation, the world supply of iron ore and gold along with the stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. The price of iron ore and gold has fluctuated widely in recent years, and future price declines could cause commercial production to be impracticable, thereby having a material adverse effect on the Company's business, financial condition and result of operations.

Competition

The Company competes with many other mining companies that have substantially greater resources than the Company. Such competition may result in the Company being unable to acquire desired properties, recruit or retain qualified employees or acquire the capital necessary to fund its operations and develop its properties. The Company's inability to compete with other mining companies for these resources would have a material adverse effect on the Company's results of operation and business.

Dependence on Outside Parties

The Company has relied upon consultants, engineers and others, and intends to rely on these parties for development, construction and operating expertise. Substantial expenditures are required to establish mineral reserves through drilling, to carry out environmental and social impact assessments, to develop metallurgical processes to extract the metal from the ore. If such parties' work is deficient or negligent or is not completed in a timely manner, it could have a material adverse effect on the Company.

Share Price Fluctuations

The market price of securities of many companies, particularly exploration stage companies, experience wide fluctuations in price that are not necessarily related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that fluctuations in the Company's share price will not occur.

Conflicts of Interest

Certain of the Company's directors and officers serve or may agree to serve as directors or officers of other companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting such participation.

Outstanding Share Data

As of the date of this MD&A, the Company has:

- a) 29,802,273 common shares outstanding;
- b) 22,130,871 warrants outstanding with seven tranches as shown below:

Exercise Price	Number Outstanding	Expiry Date
\$		
1.80	284,541	December 28, 2019
1.50	588,780	December 28, 2019
1.20	1,273,750	June 26, 2020
0.80	35,700	June 26, 2020
1.40	302,500	June 26, 2020
1.00	29,600	June 26, 2020
0.15	19,616,000	May 13, 2021
	22,130,871	

- c) 2,970,000 stock options outstanding and exercisable with one tranche as shown below.

Exercise Price	Number Outstanding and Exercisable	Expiry Date
\$		
0.17	2,970,000	May 13, 2024

Cautionary Statement on Forward Looking Information

Certain statements in this document contain "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the development potential of the Company's properties; the future price of iron ore and other minerals; the estimation of mineral reserves and mineral resources; conclusions of economic evaluation; the realization of mineral reserve estimates; capital expenditures; success of exploration activities; mining or processing issues; currency exchange rates; government regulation of mining operations; and environmental risks. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

Other MD&A Requirements

Additional information relating to the Company may be found on SEDAR at www.sedar.com including, but not limited to:

- the Company's audited financial statements for the years ended August 31, 2019 and 2018.

This MD&A has been approved by the Board effective December 19, 2019.