



**MINERAL MOUNTAIN RESOURCES LTD.**  
(the “Company” or “Mineral Mountain”)

**FORM 51-102F1**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
For the Six Months Ended September 30, 2019

The following Management Discussion and Analysis (“MD&A”) has been prepared by management as of November 18, 2019, should be read in conjunction with the unaudited interim consolidated financial statements and related notes of the Company for the six month period ended September 30, 2019, and the audited consolidated financial statements of the Company together with the related notes thereto for the year ended March 31, 2019. The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). All amounts are stated in Canadian dollars unless otherwise indicated.

Statements in this MD&A that are forward-looking statements (see “Forward Looking Statements”) are subject to various risks and uncertainties concerning the specific factors disclosed under the heading “Risk and Uncertainties”. Such information contained herein represents management’s best judgment as of the date hereof based on information currently available. The Company does not assume the obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason.

**OVERVIEW**

The Company was incorporated in British Columbia under the laws of the Business Corporations Act on September 1, 2006. The Company’s mandate is to identify, either in North America or globally, under explored Archean and/or Paleoproterozoic-age greenstone belts that have had a long history of large-scale gold production and are located in safe jurisdictions that are judged to be geologically favorable for the systematic exploration and discovery of district-scale gold deposits. An important selection criteria, for the Company’s highly experienced technical team, is that prospective underexplored greenstone belts are located in politically safe, mining friendly jurisdictions.

Between July 2010 and May, 2012, the Company conducted gold exploration programs in South Central, British Columbia, in the Straw Lake area of northwestern Ontario and in the Shining Tree area of northeastern Ontario. In July 2012, the Company identified a more advanced underexplored gold opportunity and changed its focus to the search for Early Proterozoic iron formation (BIF) hosted gold deposits in the Black Hills of South Dakota, U.S.A.

In July 2012, the Company entered into an option agreement with Holy Terror Mining Company, a private company that owned a property that hosted six historical gold producers situated in the Keystone Gold District situated 70 km south of the Homestake Mine and within the Homestake Gold Corridor located in the Black Hills of South Dakota, U.S.A. In October 2016, due to a dramatic downturn in the overall mining industry making it difficult to raise exploration funds, the Company was forced to terminate the Holy Terror Option Agreement due to the inability to finance the final phase of the Option Agreement. With funds remaining in its treasury, the Company began to focus on it’s 100%-owned flagship project, the Rochford Gold Project, situated in the Rochford District 26 km south of the Homestake Mine and 38 km north-northeast of the Holy Terror Project. In all three areas, Homestake Mine, Rochford and Holy Terror, hydrothermal gold mineralization is hosted exclusively in an iron formation and produced preferentially from synclinal fold structures locally known as ledges. Beginning in the fall of 2012, the Company began a program land consolidation in the Rochford Gold District, either by claim staking or by mineral

property purchases and systematically acquiring a large-scale comprehensive database for the entire Rochford District from 2013 to 2016. In early 2013, the Company completed a high resolution airborne EM and Mag survey (HeliTEM) covering the Company's entire Rochford area land package totaling over 7,500 acres and covering over 30 sq. mi.. Based on the Company's research and its comprehensive database, Mineral Mountain's technical team concluded that the Rochford District had geological characteristics that were identical to the Homestake Mine host rocks. Following 3D modelling of the Company's airborne survey, three unusually large magnetic bodies associated with gold-hosted BIF trending through the Rochford District were highlighted and were considered to be potential Homestake-style gold targets. The largest magnetic body of the three coincides with the Standby Mine which occurs in a folded plunging syncline. The intersection of the regional structure and the deformed and altered iron formation hosting the Standby Mine deposit represented a strong Homestake-style gold target that warranted a core drilling program below and down plunge from the Standby Mine deposit. A 9-hole Phase 1 drilling program totaling 2,937 meters was completed between February, 2018 and October, 2018. Eight of the nine drill holes intersected Homestake-style gold mineralization across widths of up to 30 meters within the East Limb Structure down to a vertical depth of 500 meters. A 4,000 m Phase 2 program, using directional drilling methods has been planned to test the mineralized East Limb Structure down the plunge line of the banded iron formation at approximately the 1,000 m level TVD.

A 1600 meter trunk hole is planned to test two historical gold intersections recorded by Homestake Mining in 1986 and 1987. The two targets are at about 550 meters and 1000 meters TVD.

In September 2019, the Company exercised its option to purchase the Standby Mine patents by making the final option payment and now owns 100% of the property subject to a 2% NSR.

The Company's common shares are listed on the TSX Venture Exchange (TSX-V) under the symbol "MMV" and on the OTCQB under the symbol "MNRLF".

### **Standby Gold Project (2012 –2019)**

**Note: In previous management discussions and analysis, the Standby Gold Project was previously referred to as the "Rochford Gold Project" or "Rochford Project". The project name was changed to avoid confusion with the Rochford Gold District.**

As part of the Company's extensive research and geological assessment of the local area's unique gold potential along the Homestake Gold Corridor, the Company's technical team identified the Rochford Gold District in late 2012 to be a highly prospective, under-explored Paleoproterozoic greenstone belt that, based on recent studies, was considered to have the strong potential to discover other Homestake-style gold hosted iron formation deposits. While conducting field traverses in the Rochford area, the team found that, due to the downturn in the mining industry, a number of past gold producers were open for claim staking and, as a result, a contiguous segment of the Homestake Gold Corridor hosting several historical small high grade gold producers were consolidated by Mineral Mountain. In all, over 7,500 acres were staked as unpatented mineral claims by the Company in the Rochford District and an Option to Purchase the Standby Mine patents was made.

The Rochford Gold District is located 27 kilometers (16 miles) south of the Homestake Mine and is situated along the northwest-southeast trending Homestake Gold Corridor which has been traced by mapping for about 70 km (44 miles) in length. Consistent with the Company's mandate, the Rochford District was determined to have a remarkably similar geological environment to the Homestake Mine area. Through due diligence by the Company's technical team, it was determined that the Rochford Gold District had not been the focus of systematic exploration by either major gold producers or by junior mining companies since 1997. In fact, the most serious exploration for gold occurred between 1986 and 1989. Historically, land tenure in the area was fragmented with multiple property owners and, as a result, was never consolidated by past explorers. During the last positive gold cycle the mining industry experienced between 2004 and 2010, exploration in the Rochford District was sporadic and not concentrated. As a result, compared to other global prospective greenstone belts, this district remained largely under-explored primarily because modern exploration techniques, in general, were not employed along the Homestake Gold Corridor.

In the fall of 2012 and early 2013, the Company began an aggressive program of land consolidation in the Rochford District initially acquiring, by professional claim staking, a total of 289 unpatented mineral claims covering a number of historical gold producers associated with folded banded iron formation (BIF). Subsequently, in February 2013, the Company conducted a low level, high resolution helicopter-borne HeliTEM magnetic and electromagnetic survey covering a 30 sq. km area encompassing the Company's 289 unpatented mineral claims and a broader area covering the most prospective portion of the Rochford greenstone belt. The survey was able to trace multiple sub-parallel bands of iron formation, similar to those hosting the Homestake Mined (which produced over 40 million ounces of gold over a 125 year-period) trending through the project area in a northeast southwest direction, some of which were not exposed on surface.

Following a field assessment of the airborne magnetic and electromagnetic trends and a search of the local mineral titles and ownership, the Company launched an aggressive program of additional land consolidation, entering into an option to purchase agreement for the historical Standby Mine patents and acquiring the most comprehensive database ever assembled for the Rochford Gold District. With the discovery of the Homestake Mine in 1875, a major staking rush took place along the entire Homestake Gold Trend. The Rochford District was blanketed by multiple land holders and ownership along the belt became very fragmented. Beginning in late 2012, the Company, for the first time, consolidated the most prospective land and mineral rights in the Rochford District and assembled the comprehensive database assembled for the Rochford District. The database included historical diamond drilling completed by six major gold companies estimated to exceed \$US 20 million in historical exploration costs.

On March 1, 2016, the Company announced the purchase of two (2) strategically located gold properties totaling 19 unpatented lode mineral claims totaling 380 acres (152 hectares) from BHB Partners, the South Standby and the Cochrane South properties, as well as a comprehensive database consisting of over \$US 20 million in historical exploration costs completed by six major gold companies. On June 22, 2016, the Company staked an additional 37 unpatented lode mineral claims totaling 606 acres (242 hectares) south of the South Standby property acquired from BHB Partners. The claims were staked to provide better coverage along the 5.5 km long Standby-South Standby-Lookout Mine structural corridor. On September 2, 2016, the Company signed an Option to Purchase agreement on the historical Standby Mine property consisting of nine (9) contiguous patent claims totaling 67.45 acres (27 hectares). In October 2016, the Company purchased a proprietary digital database generated from core diamond drilling that was conducted by Homestake Mining Company between 1967 and 1988, and never before released to the public. The proprietary digital database consisted of 71 diamond drill holes totaling 22,393 meters of which 17 holes totaling 14,723 meters were drilled on the Standby Mine Property.

Between the period from January to June 30, 2017, the Company engaged the services of Earthscan Geoscience, a consulting group specializing in the compilation of the recently acquired comprehensive database. Since the data acquired was from multiple sources and from different generations, Earthscan Geoscience was able to get the data into a workable digital format compatible with several modern software programs. On May 2, 2017, the Company was issued EXNI permit 427 to drill 10,000 meters to define the down plunge extension of the Standby Mine gold deposit and was granted a water use permit for drill testing purposes. A diamond drill contract to drill 3,000 meters consisting of a minimum of 9 holes was signed with First Drilling, a Colorado based drill firm, in October 2017.

From February 11th, 2018 through to end of March, 2018 the Company completed 3 of the planned 9 drill holes on the Standby Mine patents totaling 1,322 meters. All three drill holes tested the upper 320 meters of the East Limb Structure. The drill program was voluntarily halted due to degrading road conditions due to spring thawing. Following the upgrading of the access road, drilling resumed on June 4, 2018. Between that period and August 7<sup>th</sup>, 2018, the Company completed an additional three (3) holes for a grand total of 2,155 meters drilled to date. Finally, between August 8<sup>th</sup> and September 5<sup>th</sup>, 2018, the Company completed an additional 3 holes totaling 782 meters. In all, 9 drill holes totaling 2,937 meters were completed in Phase 1. Based on the positive results recorded in Phase 1, the Company developed a plan to drill a 1600 meter long "trunk hole" down plunge along the East Limb Structure to drill test two historical gold zones previously intersected by Homestake Mining between 1986 and 1987. The deepest gold zone to be tested is at about a 1,000 m vertical depth. Directional drilling techniques and drill rig capable of drilling to 2800 m depths is been used for Phase 2. To accomplish the deep drill testing, a total of 4,000 meters of drilling has been planned for Phase 2. The Company recently closed a non-brokered private placement and raised an aggregate of \$2,409,130.

As of the date of this report, the Company controls a 100% interest in 458 unpatented lode mineral claims totaling 7,448.36 acres (3,014.25) hectares in the Rochford District and nine (9) patented claims totaling 67.45 acres (27 hectares).

## **MINERAL EXPLORATION ACTIVITIES**

### **Standby Gold Project, Black Hills of South Dakota**

The Rochford Gold District is situated within the Homestake Gold Trend 27 kilometers (16 miles) south-southwest of the Homestake Mine, one of the largest gold producers in North American history and the largest iron formation-hosted gold deposit of its kind in the world. The Company's experienced technical team concluded that, the Homestake Mine and the Rochford District were remarkably similar in host rock composition, structural style, metamorphic grade, and gold mineralization concluding that the Rochford District had the potential to contain more than one economic gold deposit. More than 45,000,000 ounces of gold have been produced from the Black Hills, with the majority from the world famous Homestake Mine (~40,000,000 ounces of Au) in Lead, South Dakota.

In late 2012, the Company acquired a significant presence in the Rochford District by staking 289 unpatented mineral claims totaling 4,474 acres (1,810 hectares) covering a 7 km by 2 km segment. The claims were staked to cover 9 historical past high grade gold producers.

Between February and March, 2013, the Company completed a HeliTEM electromagnetic and magnetic airborne geophysical survey over the Standby Project area totalling 977.4 line km. Following further research, due diligence and numerous site visits to the Rochford District, in October 2015, the Company purchased two strategically located gold properties totaling 19 unpatented mineral claims and a comprehensive database that was never previously disclosed consisting of over \$US 20 million in historical exploration (primarily diamond drill results) from BHB Partners, a US based private group of geologists. The database and two gold properties were purchased for 4 million post-consolidated shares of the Company and no cash payment.

In mid-March, 2016, the Company increased its landholdings in the Rochford District by staking an additional 37 unpatented mineral claims to provide better coverage along the Standby Mine-South Standby-Lookout Mine 5.5 km long structural corridor. By mid-March, the Company had assembled a total of 345 unpatented mineral claims totaling 5,447 acres (2,204 hectares).

On September 12, 2016, the Company signed an exploration agreement with an option to purchase a 100-% interest in the historic Standby Mine property, a "turn of the century" high grade gold producer located in Pennington County and consisting of 9 contiguous patent claims totaling 67.45 acres. Gold mineralization at the Standby Mine is hosted in a synclinally folded, southeasterly plunging-iron formation geologically similar to the Ledge-type deposits developed at the Homestake Mine. The Company also increased its landholdings in the Rochford District by staking an additional 113 unpatented mineral claims along the Standby Mine-South Standby-Lookout Mine. By end of March 2017, the Company had assembled a total of 458 unpatented mineral claims totaling 7,291 acres (2,951 hectares).

In April 2017, the Company engaged to services of Condor Geophysical Consulting based in Colorado, USA to conduct a Geo Interpretation of the magnetic data and a geophysical assessment of the airborne survey flown for the Company by Fugro in 2013. A final report was received from Condor in September 2017. In addition, the Company engaged the services of FMG Engineering, a local consulting firm based in Rapid City to assist the company to apply for drill permits on both the Standby Mine patented and on the Company's 100% owned unpatented claims located immediately south of the Cochrane gold deposit.

In October 2017, the Company signed a drilling contract with First Drilling, a Colorado-based drill contractor, to drill up to 12 holes on the Standby Mine patents. On February 11, 2018, drilling began and by September 5, 2018 nine holes of the planned twelve holes totaling 2,937 meters were completed. The deepest hole in Phase 1 tested the East Limb Structure to about 500 meters below the Standby Mine workings. Phase 1 drill results confirmed that the 30-meter wide sheared banded iron formation that hosts the Standby Mine deposit is open down plunge below 500 meters TVD and that the gold mineralization had similar characteristics to the Homestake Mine ledges.

In September 2019, the Company completed the purchase of the Standby Mine patents totaling 67.45 acres.

The annual rental fees payable to the South Dakota Bureau of Land Management (BLM) for all of the Company's land holdings in the Rochford District were paid in August 2019, assuring the claim package is in good standing until September 1, 2020.

On September 18, 2019, a core drilling rig was mobilized to the Standby Mine property and drilling began using directional drilling technology. On October 11, 2019, the Company closed the final tranche of a non-brokered private placement raising a total of \$2,409,130.

### **Qualified Person**

The technical contents in this document have been reviewed and approved by Nelson W. Baker, P.Eng., a qualified person as defined by National Instrument (NI) 43-101.

## **DISCUSSION OF OPERATIONS**

The Company is an exploration stage company and has no operating revenue. Expenditures related to mineral exploration and evaluation assets are capitalized. During the six months ended September 30, 2019, the Company incurred \$309,719 (2018 - \$231,857) in acquisition and property claim maintenance costs and \$235,297 (2018 - \$1,072,026) in exploration expenditures. The details of the mineral expenditures are included in the note 7 to the consolidated interim financial statements.

### Three month period ended September 30, 2019

During the three months ended September 30, 2019, the Company reported a net loss of \$215,257 compared to a net loss of \$226,476 incurred in the three months ended September 30, 2018. The loss in the 2018 quarter relates primarily to general operating expenses of \$227,493 (2018 - \$223,009). The general operating expenses excluding share-based payment expenses for the three months ended September 30, 2018 were \$200,956 (2018 - \$206,950) and were generally consistent with the 2018 comparative period.

### Six month period ended September 30, 2019

During the six months ended September 30, 2019, the Company reported a net loss of \$453,674 compared to a net loss of \$620,693 incurred in the six months ended September 30, 2018. The loss in the 2019 quarter relates primarily to general operating expenses of \$460,909 (2018 - \$631,222). The general operating expenses excluding share-based payment expenses for the six months ended September 30, 2018 were \$391,196 (2018 - \$448,042). The variance was mainly attributable to:

- Depreciation of \$45,333 (2018 - \$948) includes depreciation of the right-of-use asset of \$44,194 (2018 - \$nil) on office lease as a result of the adoption of the new IFRS 16, Leases. The rent payments were charged as a reduction to lease liability and thus no rent expenses were recorded in profit and loss.
- Interest expenses of \$19,863 (2018 - \$nil) includes \$9,622 of accretion of lease liability, \$9,040 of interest on trade payables, and \$1,201 of loan interest.
- Media and news dissemination of \$7,617 (2018 - \$27,194) include costs of media events and publications, news dissemination and promotional materials and has decreased from the comparative period due to decreased project promotion activities.
- Professional fees of \$34,199 (2018 - \$61,997) are comprised of \$8,049 (2018 - \$29,772) for legal and \$26,150 (2018 - \$32,225) for accounting and audit related costs. The decrease is mainly due to a decrease in project and general activities in the current period.
- Travel and conference of \$2,850 (2018 - \$16,400) have decreased significantly from the prior period as management cut down travel related costs.

Share-based payment expenses of \$69,713 (2018 - \$183,180), a non-cash charge, are the estimated fair value of the stock options were vested during the period. The Company used the Black-Scholes option pricing model for the fair value calculation.

## SUMMARY OF QUARTERLY RESULTS

The following table sets forth selected unaudited financial information for the Company's eight most recent quarters ending with the last quarter for the three months ended on September 30, 2019.

	For the Three Months Ending							
	Fiscal 2020		Fiscal 2019				Fiscal 2018	
	Sept. 30, 2019	Jun. 30, 2019	Mar. 31, 2019	Dec. 31, 2018	Sept. 30, 2018	Jun. 30, 2018	Mar. 31, 2018	Dec. 31, 2017
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Total revenues	-	-	-	-	-	-	-	-
Income (loss) from continuing operations	(215,257)	(238,417)	(182,052)	(197,346)	(226,476)	(394,217)	(786,258)	(286,575)
Net income (loss)	(215,257)	(238,417)	(182,052)	(197,346)	(226,476)	(394,217)	(786,258)	(286,575)
Income (loss) from continuing operations per share - basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)	(0.01)
Net income (loss) per share - basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)	(0.01)

## LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2019, the Company had a cash balance of \$595,333, a decrease of \$581,340 from the cash balance of \$13,993 on March 31, 2019. The Company spent \$671,634 (2018 - \$438,324) in operating activities and \$647,446 (2018 - \$1,416,740) on its mineral exploration project. During the six months ended September 30, 2019, the Company received net proceeds of \$1,985,695 (2018 - \$142,250) from issuance of common shares. The Company repaid \$35,000 of related party loans and spent \$49,454 on lease liability payments.

The Company had working capital of \$119,342 as at September 30, 2019 compared to working capital deficiency of \$806,130 as at March 31, 2019.

Management estimates that the general operating costs, excluding share-based payments expense, for the next 12 months will be approximately \$900,000. At present, the Company may not have sufficient capital resources to meet its anticipated operating and capital requirements for the next 12 months. Subsequent to September 30, 2019, the Company completed the final tranche of the non-brokered private placement announced on August 30, 2019 and issued 1,840,001 units at a price of \$0.15 per unit for gross proceeds of \$276,000. The Company also issued 1,323,000 common shares at a deemed price of \$0.15 per share to settle debt of \$198,450 due to various creditors and related parties of the Company. The Company will continue to monitor the current economic and financial market conditions and evaluate their impact on the Company's liquidity and future prospects.

### Going Concern

The Company is an exploration stage company. At present, the Company's operations do not generate cash flow and its financial success is dependent on management's ability to discover economically viable mineral deposits. The

mineral exploration process can take many years and is subject to factors that are beyond the Company's control. In order to continue as a going concern and to meet its corporate objectives, which primarily consist of exploration work on its mineral properties, the Company will require additional financing through debt or equity issuances or other available means. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Management believes it will be able to raise equity capital as required in the long term, but recognizes there will be risks involved that may be beyond their control. The annual and interim financial statements do not include any adjustments to the recoverability and classification of reduced asset amounts and classification of liabilities that might be necessary should the Company be unable to continue operations. These adjustments could be material. The Company is not subject to material externally-imposed capital constraints.

## OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

## RELATED PARTY TRANSACTIONS

Amounts due to related parties of \$360,019 (March 31, 2018 - \$344,171) were for services rendered to the Company by the directors and officers or companies controlled by its directors and officers or former directors and are unsecured, non-interest bearing, and have no specific terms of repayment.

During the year ended March 31, 2019, the Company received loans of \$35,000 from the President of the Company. During the six months ended September 30, 2019, the Company received additional loans of \$25,400 from the President of the Company. The loans are unsecured, bear annual interest at 5% and are payable on demand. As at September 30, 2019, the Company had repaid the loan in full together with the accrued interest of \$890.

During the six months ended September 30, 2019, the Company received loans of \$18,135 from a company controlled by a director of the Company. The loans are unsecured, bear annual interest at 5% and are payable on demand. As at September 30, 2019, the Company had repaid the loan in full together with the accrued interest of \$199.

Key management personnel include directors (executive and non-executive) and senior officers of the Company. The compensation paid or payable to key management personnel during the six month periods ended September 30 is as follows:

	2019	2018
Consulting fees	\$ 162,000	\$ 162,000
Office and miscellaneous	-	7,500
Professional fees	28,975	33,138
Share-based payments	-	130,878
<b>Total</b>	<b>\$ 190,975</b>	<b>\$ 333,516</b>

The Company entered into the following transactions relating to key management personnel and entities over which they have control or significant influence during the six month period ended September 30, 2019:

- a) Incurred consulting fees of \$60,000 (2018 - \$60,000) to a company controlled by the President of the Company.
- b) Incurred consulting fees of \$30,000 (2018 - \$30,000) and office expenses of \$nil (2018 - \$7,500) to a company controlled by a director of the Company.

- c) Incurred consulting fees of \$42,000 (2018 - \$42,000) to a director of the Company.
- d) Incurred professional fees of \$7,225 (2018 - \$5,913) to a company which a director of the Company is an officer.
- e) Incurred professional fees of \$21,225 (2018 - 27,225) and consulting fees of \$30,000 (2018 - \$30,000) to a company controlled by the Chief Financial Officer of the Company.

The Company has entered into four consulting agreements with a director and three companies controlled separately by two directors and an officer of the Company for management and corporate consulting services for a total monthly fee of \$27,000 plus applicable taxes. These agreements are for a one year term and continue thereafter on a month to month basis and may be terminated with a six month notice or a termination payment equal to six months' remuneration.

## **CRITICAL ACCOUNTING ESTIMATES**

The preparation of the Company's consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the period. Actual results could differ from these estimates. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. Significant areas requiring the use of management estimates include:

- i) The determination of the fair value of stock options and agent's warrants using stock pricing models, require the input of highly subjective assumptions, including the expected price volatility. Changes in the subjective input assumptions could materially affect the fair value estimate.
- ii) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts.

## **FINANCIAL INSTRUMENTS**

The Company classified its financial instruments as follows: cash and cash equivalents and restricted cash classified as subsequently measured at amortized cost; trade and other payables, amounts due to related parties, and loan payable to related party as subsequently measured at amortized cost financial liabilities. The carrying amount of financial assets and liabilities carried at amortized cost is a reasonable approximation of fair value due to the relatively short period to maturity of these financial instruments.

### **Financial risk management**

The Company's financial risks arising from its financial instruments are credit risk, liquidity risk, interest rate risk and foreign exchange rate risk. The Company's exposures to these risks and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

#### *Credit risk*

Credit risk is the risk of potential loss to the Company if the counter party to a financial instrument fails to meet its contractual obligations. The credit risk of the Company is associated with cash and cash equivalents and restricted cash. The credit risk with respect to its cash and cash equivalents and restricted cash is minimal as they are held with high-credit quality financial institutions. Management does not expect these counterparties to fail to meet their obligations.

### *Liquidity risk*

Liquidity risk is the risk that the Company will not meet its obligations associated with its financial liabilities as they fall due. The Company performs cash flow forecasting for each fiscal year to ensure there is sufficient cash available to fund its projects and operations. As at September 30, 2019, the Company had a cash balance of \$595,333 and current liabilities of \$959,623. The Company's financial liabilities include trade and other payables which have contractual maturities of 30 days or are due on demand.

At present, the Company's operations do not generate cash flow. The Company's primary source of funding has been the issuance of equity securities through private placements and the exercise of stock options and warrants as well as loans from related parties. Despite previous success in completing these financings, there is no guarantee of obtaining future financings.

### *Interest rate risk*

Interest risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions. The interest rate risks on cash and restricted cash are not considered significant due to their short-term nature and maturity.

### *Foreign exchange rate risk*

Foreign exchange risk is the risk that fair value or future cash flows of a financial instrument 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. The Company funds certain operations, exploration and administrative expenses in the United States by using US dollars converted from its Canadian bank accounts. At September 30, 2019, the Company had financial assets of \$485,493 and financial liabilities of \$235,718 denominated in United States dollars. A 10% strengthening of the US dollar would affect net loss by approximately \$25,000. The Company does not hedge its foreign exchange risk.

## **OUTSTANDING SHARE DATA**

The Company had the following common shares, stock options and warrants outstanding as at the date of this report on a post consolidated basis:

Issued and Outstanding Common shares	85,505,403
Stock options	5,750,000
Warrants	30,281,867
	<hr/>
	121,537,270

## **CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION**

### **New accounting policy**

#### IFRS 16 – Leases

This standard replaces IAS 17, Leases. IFRS 16 eliminates the classification as an operating lease and requires lessees to recognize a right-of-use asset and a lease liability in the statement of financial position for all leases, with exemptions permitted for short-term leases and leases of low value assets. In addition, IFRS 16 changes the definition of a lease; sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payments and option periods; changes the accounting for sale and leaseback arrangements; and introduces new disclosure requirements. Under IFRS 16, a lessee recognizes a right-of-use asset

representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Right-of-use assets will be initially measured at cost, which includes the initial measurement of the lease liabilities and other costs, less lease incentives. Lease liabilities will initially be measured at the present value of future lease payments and subsequently measured at amortized cost using the effective interest method. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019 with early application permitted in certain circumstances and may be applied retrospectively to each prior period presented (full retrospective approach) or with the cumulative effect of adoption recognized at initial application (modified retrospective approach). The modified retrospective approach offers the option, on a lease by lease basis, to either measure the right-of-use asset retrospectively using the discount rate as at the date of initial application or to measure the right-of-use asset at an amount equal to the lease liability.

The Company adopted IFRS 16 on April 1, 2019. On initial adoption, the Company has elected to record right-of-use assets based on the corresponding lease obligation. Right-of-use asset and lease obligation of \$176,776 were recorded as of April 1, 2019, with no impact on deficits. When measuring the present value of lease obligations, the Company discounted remaining lease payments using its incremental borrowing rate at January 1, 2019, which was a weighted-average rate of 12%.

## COMMITMENTS

The Company has obligations under an operating lease for its corporate office facility for a term ending March 31, 2021. The annual minimum lease commitments under the lease are as follows:

2019	\$	49,454
2020		<u>100,938</u>
	\$	150,392

## RISK AND UNCERTAINTIES

### *Operating Hazards and Risks*

Mineral exploration involves many risks. The operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, any of which could result in work stoppages and damage to persons or property or the environment and possible legal liability for any and all damage. Fires, power outages, labour disruptions, flooding, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are some of the risks involved in the conduct of exploration programs. In addition, certain properties of the Company are located within the areas that may include Native American asserted traditional territories, and the exploration and development of these properties may affect or be perceived to affect asserted Native American rights and titles, which may cause permitting delays or opposition by Native American groups.

### *Environmental Factors*

The Company currently conducts exploration activities in South Dakota of US. Such activities are subject to various laws, rules and regulations governing the protection of the environment. Such legislation imposes rigorous standards on the mining industry to reduce or eliminate the effects of waste generated by extraction and processing operations and subsequently deposited on the ground or emitted into the air or water.

All phases of the Company's operations are subject to environmental regulation in the jurisdictions in which it operates. Environmental legislation is evolving in a manner which requires stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed properties and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. The cost of compliance with changes in governmental regulations has the potential to preclude entirely the economic development of a property.

The Company is able to conduct its exploration within the provisions of the applicable environmental legislation without undue constraint on its ability to carry on efficient operations. The estimated annual cost of environmental compliance for all properties held by the Company in the exploration stage is minimal and pertains primarily to carrying out diamond drilling, trenching or stripping. Environmental hazards may exist on the Company's properties, which hazards are unknown to the Company at present, which have been caused by previous or existing owners or operators of the properties.

#### *Governmental Regulation*

Exploration activities on the Company's properties are affected to varying degrees by: (i) government regulations relating to such matters as environmental protection, health, safety and labour; (ii) mining law reform; (iii) restrictions on production, price controls, and tax increases; (iv) maintenance of claims; (v) tenure; and (vi) expropriation of property. There is no assurance that future changes in such regulation, if any, will not adversely affect the Company's operations. Changes in such regulation could result in additional expenses and capital expenditures, restrictions on the availability of capital, competition, reserve uncertainty, potential conflicts of interest, title risks, dilution, and restrictions and delays in operations, the extent of which cannot be predicted.

The Company is at the exploration stage on all of its properties. Exploration on the Company's properties requires responsible best exploration practices to comply with company policy, government regulations, maintenance of claims and tenure. All mining activities in South Dakota, regardless of the private or public status of the land on which they occurs, are regulated through the South Dakota Mined Land Reclamation Act, and the South Dakota Mined Land Reclamation Regulations. The South Dakota Department of Environment of Natural Resources (DENR) administers the state mining laws; mining-related environmental permits are issued by the DENR and its governor appointed citizen boards.

If any of the Company's projects are advanced to the development stage, those operations will also be subject to various laws and regulations concerning development, production, taxes, labour standards, environmental protection, mine safety and other matters.

#### *Additional Funding Requirements*

Further exploration on and development of, the Company's projects will require additional resources and funding. The Company currently does not have sufficient funds to fully develop these projects. In addition, any positive production decision, if achieved, would require significant funding for project engineering and construction. Accordingly, the continuing development of the Company's properties will depend upon the Company's ability to obtain financing through debt financing, equity financing, the joint venturing of projects, or other means. There is no assurance that the Company will be successful in obtaining the required financing for these or other purposes, including for general working capital.

## **FORWARD LOOKING STATEMENTS**

This MD&A contains certain forward-looking information and statements. These forward-looking statements are based on current expectations and various estimates, factors and assumptions as at the date of this MD&A. The words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential", "interprets", "may", "will" and similar expressions identify forward-looking statements. Information concerning the interpretation of drill results may also be considered a forward-looking statement; as such information constitutes a prediction of what mineralization might be found to be present if and when a project is actually developed. The forward-looking statements reflect the current beliefs of the management of the Company, and are based on currently available information. Readers are cautioned not to place undue reliance on these statements as they are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Company to differ materially from those expressed in, or implied by, such forward-looking statements. The Company assumes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or any other reason.

## **DISCLOSURE CONTROLS**

In connection with Exemption Orders issued by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the audited annual financial statements and respective accompanying Management's Discussion and Analysis.

In contrast to the certificates under National Instrument ("NI") 52-109 (Certification of disclosure in an Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting as defined in NI 52-109.

## **ADDITIONAL INFORMATION**

Additional information concerning the Company and its operations is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company web site at [www.mineralmtn.com](http://www.mineralmtn.com).

## **APPROVAL**

The Board of Directors of Mineral Mountain Resources Ltd. has approved the contents of this management discussion and analysis on November 18, 2019.