



MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2019

SUITE 408 - 1199 WEST PENDER STREET
VANCOUVER, BC V6E 2R1

TELEPHONE: 604-331-9326
EMAIL: INFO@SEARCHLIGHTRESOURCES.COM

Table of Contents

Overview	2
Corporate Highlights.....	2
Exploration and Development.....	3
Kulyk Lake Rare Earth project.....	3
English Bay High Grade Gold Project	4
Duddridge Cobalt-Vanadium-Uranium Project	6
Diamond Projects Option	7
Cameron Cobalt Project, Ontario, Canada	8
Munro Warden Copper Nickel Cobalt Property, Ontario, Canada.....	8
Bootleg Lake Gold Property, Saskatchewan, Canada.....	9
New York Canyon Project, Nevada, United States.....	10
Financial.....	11
Selected Annual Information	11
Summary of Quarterly Results	11
Results of Operations	12
Exploration Expenditures	12
Fourth Quarter Results.....	12
Liquidity and Capital Resources.....	12
Related Party Transactions.....	13
Financial Instruments.....	14
Share Capital.....	21
Share Consolidation.....	Error! Bookmark not defined.
Private Placements	21
Other Share Issuances	Error! Bookmark not defined.
Share Purchase Warrants.....	21
Stock Options	22
Additional Disclosure for Venture Issuers without Significant Revenue	22
Outstanding Share Information	22

The following is management's discussion and analysis ("MD&A") of Searchlight Resources Inc. ("Searchlight" or the "Company"), prepared as of October 25, 2019. This MD&A is intended to assist the reader to assess material changes in the financial condition and results of operations of Searchlight as of June 30, 2019 and for the year then ended. This MD&A should be read together with the audited consolidated financial statements for the year ended June 30, 2019 and related notes. Financial amounts are expressed in Canadian dollars unless otherwise indicated. United States dollar amounts are denoted by "US\$".

This MD&A contains "forward-looking information" which may include, but is not limited to, statements with respect to the future financial or operating performance of the Company. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

Forward-looking information involves known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include, among others, general business, economic, competitive, political and social uncertainties; limited operating history; the actual results of current exploration activities; ability to obtain sufficient financing to meet ongoing operating costs; changes in project parameters as plans continue to be refined; changes in labour costs or other costs of operation; future mineral prices; equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry, including but not limited to environmental hazards, cave-ins, pit-wall failures, flooding, rock bursts and other acts of God or unfavourable operating conditions and losses; delays in obtaining governmental approvals or financing or in the completion of exploration activities. See "Risks and Uncertainties" below.

Forward looking information is based on a number of material factors and assumptions, including the results of exploration and drilling activities, the availability and final receipt of required approvals, licenses and permits, that sufficient working capital is available to complete proposed exploration and drilling activities, that contracted parties provide goods and/or services on the agreed time frames, the equipment necessary for exploration is available as scheduled and does not incur unforeseen break downs, that no labour shortages or delays are incurred and that no unusual geological or technical problems occur. While the Company considers these assumptions may be reasonable based on information currently available to it, they may prove to be incorrect. Actual results may vary from such forward-looking information for a variety of reasons, including but not limited to risks and uncertainties discussed in this MD&A.

The Company intends to discuss in its quarterly and annual reports referred to as the Company's MD&A documents, any events and circumstances that occurred during the period to which such document relates that are reasonably likely to cause actual events or circumstances to differ materially from those disclosed in this MD&A. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking information.

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

Overview

Searchlight Resources Inc. (formerly Canyon Copper Corp.) was incorporated on January 21, 2000 under the laws of the State of Nevada. On May 31, 2013, the Company changed its incorporation jurisdiction to the Province of British Columbia, Canada. The continuation was approved by the Company's shareholders at a special meeting of shareholders held on May 21, 2013. The Company has one wholly owned subsidiary, Canyon Copper (USA) Ltd. ("Canyon USA"), a company incorporated in the state of Nevada, and is listed on the TSX Venture Exchange ("TSX-V") under the trading symbol "CNC".

The Company is an exploration stage company engaged in the acquisition, exploration and development of mineral properties. The Company holds 100% title to a claim block in Nevada (the "New York Canyon Claims"), along with additional mineral claims located within the vicinity of the New York Canyon Claims area (together, the "New York Canyon Project").

In September 2016, the Company optioned a 71% interest in the Samuels Lake Property from ProAm Exploration Corporation ("ProAm"). In May 2017, the Company optioned a 75% interest in the Bootleg Lake Gold Property from New Moon Minerals Corp. ("New Moon").

In July 2017, the Company optioned a 100% interest in the Munro Warden cobalt property from 2333382 Ontario Inc. In November 2017, the Company acquired a 100% interest in the Cameron Cobalt Project.

In March 2018, the Company completed the sale of its 100% owned copper porphyry project located in California (the "Moonlight Property") to Crown Mining Corp. ("Crown"). See Exploration and Development below for additional property information.

The Company has not earned any revenues to date and does not anticipate earning revenues until such time as it enters into commercial production of its mineral properties. The Company is presently in the exploration stage of its business and can provide no assurance that commercially viable mineral deposits exist on its properties or that it will discover commercially exploitable levels of mineral resources on its properties, or if such deposits are discovered, that the Company will enter into further substantial exploration programs.

The technical information in this MD&A has been reviewed on behalf of the Company by Stephen Wallace P. Geo, who is a Qualified Person as defined in National Instrument 43-101 ("NI 43-101").

Corporate Highlights

- In July 2018, the Company changed its name to Searchlight Resources Inc.
- In September 2018, the Company appointed Peter Dueck P. Geo as a director. Peter holds a B.Sc. from the University of Saskatchewan and an MBA from the University of Wales.
- In October 2018, Searchlight Resources completed an amendment to the May 2017 agreement to accelerate and completed a 51% interest earn in on the Bootleg Lake Option in an all share transaction.
- In October 2018, the company optioned 4 Claims in Creighton, Saskatchewan area from Diamond Projects These claims adjoin the Bootleg Lake claim block.
- In November 2018, the Company purchased 4 claims comprising the Duddridge Lake Property.

SEARCHLIGHT RESOURCES INC.

Management's Discussion and Analysis

Year Ended June 30, 2019

- In January 2019, Peter M. Clausi was elected as a director of the Company. Peter holds a B.Sc. from Laurentian University and a J.D. from Osgood Hall.
- In February 2019, the Company optioned 3 claims comprising the English Bay Property.
- In February 2019, the Company staked 3 claims totaling 1,784.1 hectares adjacent to the English Bay Property
- Effective April 8th, 2019, the Company's changed its trading symbol on the TSXV, to the symbol "SCLT" (TSXV: SCLT). The previous trading symbol was "SRCH".
- On May 9, 2019, the Company entered into a Letter of Intent to sell the New York Canyon Project as described in Note 12 to the interim consolidated financial statements for the period ended March 31, 2019.
- In June 2019, the Company announced the staking of Kulyk Lake Rare Earth project.

Exploration and Development

Kulyk Lake Rare Earth project

In June 2019 Searchlight announced the staking of Kulyk Lake Rare Earth project located approximately 165 kilometres north of La Ronge, Saskatchewan and 65 km south of the Key Lake Mine.

Searchlight has staked two claims totaling 1,348.6 hectares covering the Kulyk Lake Rare Earth target in north central Saskatchewan. Historically the Kulyk Lake area had been explored for uranium, followed by preliminary rare earth exploration in 2009 and 2010 when rare earth prices spiked. The past claims had expired, and Searchlight acquired the project by staking as part of the Company's systematic evaluation of exploration targets in Saskatchewan. In addition to the Kulyk Lake Rare Earth target, the claim block also covers 7 additional rare earth, uranium and thorium showings and sample locations.

In 2009 a small number of grab and channel samples were collected and analysed with a rare earth analytical package at the Saskatchewan Research Council Laboratory. The results included 56.18% Total Rare Earth Oxides ("TREO"), including 12.49% Critical Rare Earth Oxides ("CREO") in selected grab sample AGKJR001; 30.6% TREO including 6.82% CREO in selected grab sample AGKJR002 and 19.04% TREO including 4.21% CREO in channel sample AGKJR003. A full list of all rare earth oxide results are presented in Table below. Note: Critical Rare Earth Oxides (CREO) is the sum of $Pr_6O_{11} + Nd_2O_3 + Tb_4O_7 + Dy_2O_3$.

This work was followed up in 2010 with a series of trench samples, with some of the samples analysed with the same rare earth analytical package at the Saskatchewan Research Council Laboratory. Selected results include trench samples DFKJR026 with 45.1% TREO and 10.08% CREO over 0.6 metres, DFKJR025 with 24.44% TREO and 5.49% CREO over 0.7 metres and DFKJR013 with 19.75% TREO and 4.41% CREO over 0.7 metres.

Geologically the showings consist of multiple fractures containing brown to red monazite running parallel to and enclosed by the surrounding Wollaston Group metasedimentary gneisses. A narrow zone of deep pink to red coarse-grained granite encloses the mineralized fractures. The showing is a fracture filling "ore-vein".

SEARCHLIGHT RESOURCES INC.
Management's Discussion and Analysis
Year Ended June 30, 2019

Data sources for assays are:

Brown, J.A., 2010; 2009 Geological, Geochemical and Geophysical Report for the Baska-Eldorado Project, Eagle Plains Resources Ltd, Saskatchewan Industry and Resources for Assessment

Brown, J.A., and McKeough, M., 2011; 2010 Trenching and Prospecting Programs for the Baska-Eldorado Project; 99 Capital Corporation, Saskatchewan Industry and Resources for Assessment

Table 1: Individual Rare Earth Oxide grades supporting reported Total Rare Earth Oxide and Critical Rare Earth Oxide calculated values

Sample Number	Sample Description	Ce ₂ O ₃ wt%	Dy ₂ O ₃ wt%	Er ₂ O ₃ wt%	Eu ₂ O ₃ wt%	Gd ₂ O ₃ wt%	Ho ₂ O ₃ wt%	La ₂ O ₃ wt%	Lu ₂ O ₃ wt%	Nd ₂ O ₃ wt%	Pr ₆ O ₁₁ wt%	Sc ₂ O ₃ wt%	Sm ₂ O ₃ wt%	Tb ₄ O ₇ wt%	Tm ₂ O ₃ wt%	Y ₂ O ₃ wt%	Yb ₂ O ₃ wt%	TREO	CREO
2009																			
AGKJR001	Selected Grab	28.08	0.1194	0.1106	0.0858	0.4255	0.0103	13.57	<0.002	9.61	2.71	<0.002	0.8630	0.0517	0.0091	0.5245	0.0125	56.18	12.49
AGKJR002	Selected Grab	15.33	0.0608	0.0593	0.0452	0.2243	0.0046	7.36	<0.002	5.21	1.52	<0.002	0.4663	0.0270	0.0046	0.2858	0.0068	30.60	6.82
AGKJR003	0.7m Channel	9.48	0.0471	0.0410	0.0290	0.1461	0.0046	4.61	<0.002	3.24	0.91	<0.002	0.3004	0.0188	0.0034	0.2070	0.0057	19.04	4.21
2010																			
DFKJR006	0.35m trench	8.81	0.0413	0.0296	0.0302	0.1369	0.0034	4.32	<0.002	3.01	0.88	<0.002	0.2946	0.0141	0.0034	0.1664	0.0034	17.74	3.94
DFKJR007	0.7m trench	2.00	0.0103	0.0068	0.0070	0.0322	<0.002	0.98	<0.002	0.69	0.20	<0.002	0.0684	0.0035	<0.002	0.0406	<0.002	4.03	0.90
DFKJR011	0.95m trench	3.95	0.0195	0.0137	0.0139	0.0621	<0.002	1.92	<0.002	1.35	0.38	<0.002	0.1334	0.0071	<0.002	0.0787	<0.002	7.93	1.76
DFKJR013	0.7m trench	9.80	0.0471	0.0342	0.0348	0.1576	0.0046	4.77	<0.002	3.35	1.00	<0.002	0.3329	0.0165	0.0034	0.1905	0.0046	19.75	4.41
DFKJR016	0.8m trench	0.61	0.0034	0.0023	<0.002	0.0104	<0.002	0.29	<0.002	0.21	0.06	<0.002	0.0209	<0.002	<0.002	0.0152	<0.002	1.22	0.27
DFKJR019	0.5m trench	6.27	0.0264	0.0217	0.0197	0.0897	<0.002	3.03	<0.002	2.14	0.59	<0.002	0.1960	0.0094	0.0023	0.1016	0.0034	12.50	2.76
DFKJR025	0.7m trench	12.05	0.0735	0.0524	0.0441	0.2059	0.0080	5.81	<0.002	4.18	1.22	<0.002	0.4211	0.0223	0.0057	0.3264	0.0114	24.44	5.49
DFKJR026	0.6m trench	22.23	0.1114	0.0798	0.0800	0.3611	0.0091	11.03	<0.002	7.64	2.29	<0.002	0.7714	0.0376	0.0091	0.4420	0.0103	45.10	10.08
TREO = Total Rare Earth Oxides = Ce ₂ O ₃ +Dy ₂ O ₃ +Er ₂ O ₃ +Eu ₂ O ₃ +Gd ₂ O ₃ +Ho ₂ O ₃ +La ₂ O ₃ +Lu ₂ O ₃ +Nd ₂ O ₃ +Pr ₆ O ₁₁ +Sc ₂ O ₃ +Sm ₂ O ₃ +Tb ₄ O ₇ +Tm ₂ O ₃ +Y ₂ O ₃ +Yb ₂ O ₃																			
CREO = Critical Rare Earth Oxides = Dy ₂ O ₃ + Nd ₂ O ₃ + Pr ₆ O ₁₁ + Tb ₄ O ₇																			
Note: Individual Rare Earth Oxide values calculated from individual Rare Earth Element assay values.																			

English Bay High Grade Gold Project

In February 2019 the Company entered into an option agreement to earn up to a 100% interest in the English Bay Gold Claims (“English Bay”) located 10 kilometers north of La Ronge, Saskatchewan in the La Ronge Gold Belt.

The English Bay property consists of 3 claim blocks totaling 525.2 hectares, located 10 kilometers north of La Ronge, Saskatchewan on Highway 102. See Map below. Between 1997 and 2013 a total of 5 diamond drill campaigns were completed totaling 16,934 feet (5,161.5 metres) of diamond drilling was completed in 37 drill holes. In February 2019, the Company staked 3 claims totaling 1,784.1 hectares adjacent to the English Bay Property.

The drilling results indicate multiple high-grade gold drill intersections related to quartz-carbonate veining and disseminated to semi-massive pyrite-pyrrhotite mineralization along a 400 metre strike length. Four of the drill holes intersected two or more gold zones, including DDH CSP-21 which intersected 3 gold zones within 18 metres downhole. Highlights of the drilling is shown below

- **2.1 oz/t gold over 4 feet (72.00 g/t Au over 1.2 metres) in DDH CSP-16**
- **1.85 oz/t gold over 4.5 feet (64.42 Au g/t over 1.4 metres) in DDH CSP-03**
- **1.39 oz/t gold over 4 feet (47.66 g/t Au over 1.2 metres) in DDH CSP-13**
- **0.569 oz/t gold over 9 feet (19.51 g/t Au over 2.8 metres) in DDH CSP-04**

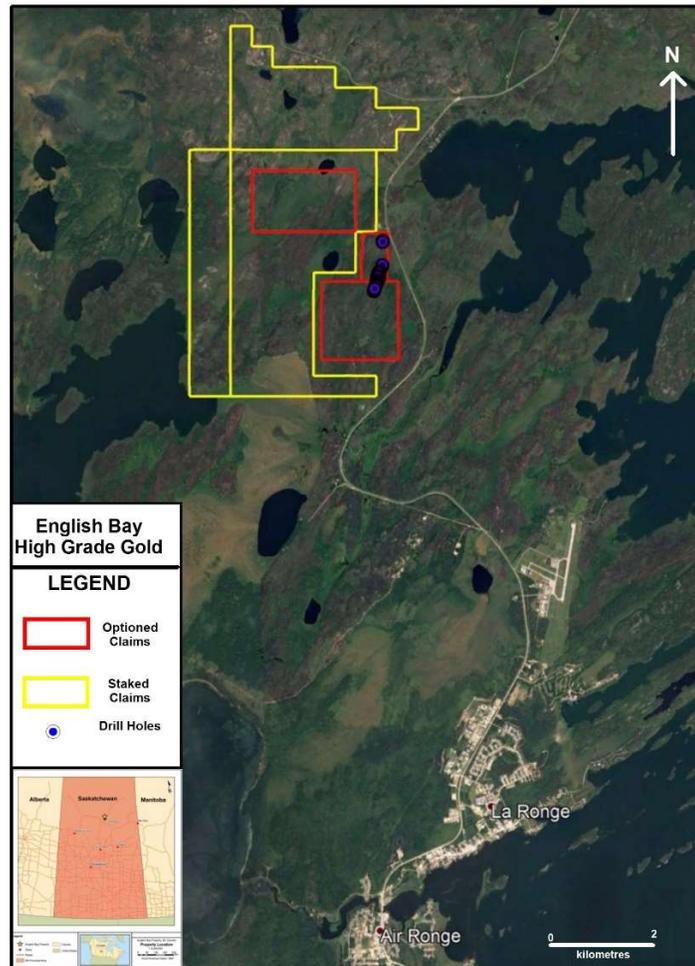


Figure 1: Location of English Bay Claims

Terms of English Bay Option Agreement

Searchlight will pay a total of \$10,000 as follows:

- \$1,000 has been paid
- \$2,000 has been paid
- \$3,000 on the first anniversary of the Closing Date
- \$4,000 on the second anniversary of the Closing Date

Searchlight will issue a total of 300,000 common shares of the Company as follows

- 100,000 common shares have been issued
- 100,000 common shares on first anniversary of Closing Date
- 100,000 common shares on second anniversary of Closing Date

Searchlight will complete \$250,000 in exploration expenditures as follows:

- \$ 10,000 in year one
- \$ 75,000 in year two
- \$165,000 in year three

SEARCHLIGHT RESOURCES INC.

Management's Discussion and Analysis

Year Ended June 30, 2019

Upon commencement of Commercial Production, Searchlight will pay the Royalty Interest of 2% Net Smelter Return ("NSR"). At any time, Searchlight will have the right to purchase half (1%) of the NSR for \$1,000,000.

All common share issuances by Searchlight will be subject to a 4-month hold period as per Canadian securities law.

Duddridge Cobalt-Vanadium-Uranium Project

In December 2019, the Company acquired the Duddridge Cobalt-Vanadium-Uranium Project which consists of 4 mineral claims totaling 3,051.6 hectares accessible by an all-season gravel road (Highway 910) to within 12 km of the project and with direct access to the project by winter road and ATV trail in summer.

To date, no exploration has ever focused on the cobalt or vanadium in this region of Saskatchewan. In 2007, Fission Energy Corporation ("Fission") announced a historical inferred resource estimate of 227,880 tonnes with a grade of 2.14 lbs/tonne U₃O₈ (see details below). Subsequently, during uranium exploration by Fission in 2012, a total of 39 boulder samples were collected and analyzed for a wide package of elements.

The results of boulder analysis showed highly anomalous results for cobalt and vanadium, two elements that were not of widespread exploration interest in 2012. In addition, the sample results show anomalous copper, lead and uranium levels. At that time of exploration, the focus was primarily for uranium. Of note, sample DD12-HW-029 assayed 1,310 ppm Co and 1,560 V; sample DD12-SH-012 assayed 1,460 Co and 746 ppm V; sample DD12-WM-002 assayed 567 ppm Co and 5,550 ppm V plus 4,440 ppm Pb and 15,100 ppm U.

The data was derived from Appendix 3 of the Saskatchewan Mineral Assessment report MAW00145 submitted on March 29th, 2013 by Fission, titled "2012 AIRBORNE GEOPHYSICAL SURVEYING and OUTCROP, BOULDER & SOIL SAMPLING ON THE DUDDRIDGE LAKE PROPERTY".

These boulder sample results are historical in nature and Searchlight has not undertaken any independent investigation of the sampling nor has it independently analyzed the results of the previous exploration work in order to verify the results. Searchlight considers these sample results relevant as the Company uses historical reports to evaluate and historic sample results as a guide to plan future exploration programs. Searchlight has not undertaken any independent investigation of the resource estimate nor has it independently analyzed the results of the previous exploration work in order to verify the resources and the Company is not treating the historical estimate as a current resource.

Terms of the Acquisition Agreement

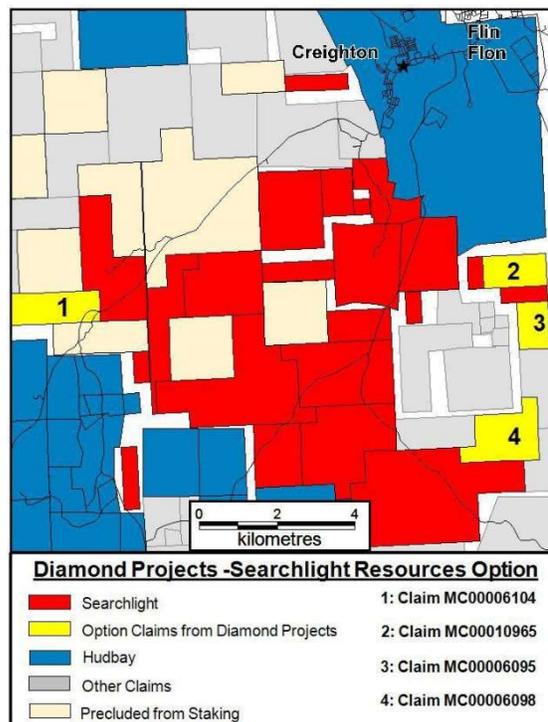
The Duddridge Project is being acquired from two arms-length individuals with the following terms of acquisition;

1. Payment of \$4,000 in two payments
 - Payment of \$2,000 on signing of agreement
 - Second payment of \$2,000 on closing
2. Issuance of 500,000 shares of Searchlight Resources Inc. to vendors on closing

Under the terms of the Agreement, Searchlight will pay a 1.0 % Net Smelter Return royalty (the "NSR") to the Vendors on commencement of commercial production. Searchlight has the right, at any time prior to six months after completion of a feasibility study to purchase the first 0.5 % of the 1.0% NSR for \$1,000,000 and the second 0.5 % of the 1.0% NSR for \$1,500,000 for a total buyout of \$2,500,000.

Diamond Projects Option

Searchlight has optioned 4 mineral claims totaling 654 hectares that adjoin the Company's existing Bootleg Lake claims, building the Company's core land position. (See map below) The optioned claims cover historical gold and volcanogenic massive sulphide ("VMS") base metal showings, including the Curved Lake VMS and Phantom Ledge Lake Gold targets.



Figures 2: Map showing location of Diamond Projects optioned claims

Terms of the Option Agreement

- To earn 100% interest in the Claims, subject to a 1% NSR, Searchlight must maintain the claims in good standing and complete 12 years of assessment expenditures on the claims. The assessment expenditure requirements are outlined in the Saskatchewan regulation document "The Mineral Tenure Registry Regulations"
- Once the 100% interest is earned, Diamond Projects will retain a 1% NSR.
- Further if any Claims optioned by Searchlight from Diamond Projects are sold or optioned by Searchlight to a third party, Diamond Projects is to receive 25% of all cash and share payments.
- The agreement allows Searchlight to modify the size of optioned claims by adding or removing claim units during the life of the Option.
- Any claims or claim units returned to Diamond Project will have a least one year remaining before Good Standing Date.

Cameron Cobalt Project, Ontario, Canada

In November 2017, the Company acquired a 100% interest in the Cameron Cobalt Project located in Brigstocke Township approximately 20 kilometres southwest of Cobalt, Ontario and 120 kilometres north of North Bay, Ontario. The project was acquired from an Ontario prospecting group for a single payment of \$10,000 with no royalty payment.

In January 2018, the Company acquired additional claims surrounding the Cameron Cobalt Project, consisting of 60 claim units covering an area of 960 hectares, increasing the total project area to a total of 64 contiguous claims covering 1,024 hectares. The new claims surround the original claims and cover the same geology.

In October 2018 a team of prospectors spent 4 days prospecting and sampling the 100% owned Cameron cobalt target area at the north end of Brigstocke Lake. The team located and mapped the locations of 3 historic shafts, 4 pits and 7 trenches, with waste dumps near the workings. The area was largely overgrown, and it is likely more features exist. See Figure 5.

A total of 40 grab samples were collected from the area, the majority from waste dumps and outcrop exposed in shafts and pits. The results included a number of anomalous samples which include 1.35% Co in sample R318936 and 0.63% Co, 0.864% Ni, 341 ppb Au and >2,000 ppm Bi in sample R318939.

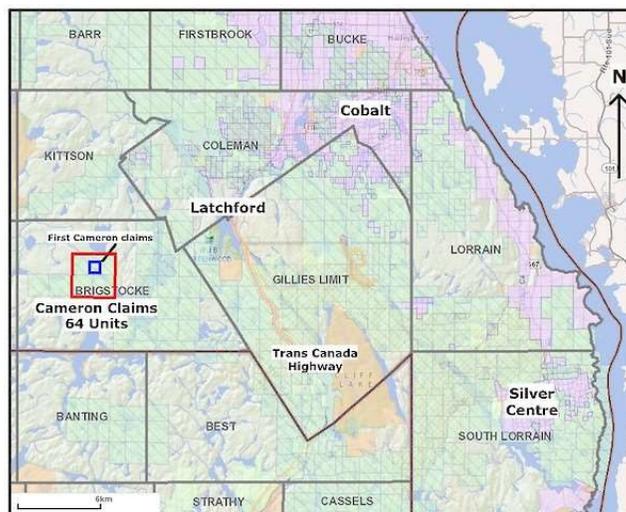


Figure 4. Location of Cameron Cobalt Project claims

Munro Warden Copper Nickel Cobalt Property, Ontario, Canada

In July 2017, the Company entered into an option agreement with 2333382 Ontario Inc., a private company, to earn a 100% interest in the Munro Warden copper nickel cobalt property. The Munro Warden property is located approximately 85 kilometres east of Timmins, Ontario and 55 kilometres north of Kirkland Lake, Ontario.

In November 2017, the Company acquired additional claims in the area of the Munro Warden claims, consisting of five claims covering an area of 384 hectares, increasing the total project area to a total of 1,101 hectares. The total area now consists of 11 mineral claims and nine mining leases. The new claims surround the original claims located in the eastern part of the Kidd-Munro assemblage of the Abitibi Greenstone Belt and cover the same geology.

Planned Exploration

The Company plans to begin exploration on the Munro Warden property in the near term with a detailed compilation of existing information followed by prospecting and geological mapping during fiscal 2019.

Bootleg Lake Gold Property, Saskatchewan, Canada

In May 2017, Searchlight entered into an option agreement with New Moon, a private company, to earn a 75% interest in the Bootleg Lake Gold Property. The property is located near Creighton, Saskatchewan, Canada, five kilometres southwest of Flin Flon, Manitoba.

In August 2017, the Company staked a total of 13 claims blocks covering 2,851 hectares contiguous to the south and west side the Bootleg Lake Gold Property. With this staking, Searchlight increased its claim area by 867 hectares to a total area of 3,718 hectares.

In February and March 2018, the Company staked eight claim blocks covering 3,562 hectares, with two claim blocks contiguous to existing claims plus a large claim position located approximately five to 15 kilometres southwest of the Bootleg Lake claims.

The Company's Bootleg Lake area now covers a total area of 7,280 hectares south west of Flin Flon, Manitoba and Creighton, Saskatchewan, within the Flin Flon Greenstone Belt.

In March 2018, the Company completed a drill program of four NQ diamond drill holes, totaling 1,446 metres. Three drill holes were completed at the Rio (Bootleg) target and one at the Newcor target. The drilling at Rio (Bootleg) successfully demonstrated that gold mineralization extended below the known workings. Highlights of this drilling include

- 5.24 g/t gold over 4.0m including 12.24 g/t Au over 0.50m in drill hole BI-01
- 2.09 g/t gold over 19.0m including 3.23 g/t Au over 8.0m in drill hole BI-01
- 2.45 g/t gold over 5.0m including 3.84 g/t Au over 2.0m in drill hole BI-02

In October 2018 the Company into an amendment agreement to complete the payments and work commitments to earn a 51% interest in the Bootleg Lake project. Under the amendment agreement, Searchlight has accelerated the 51% earn in with an all stock payment.

Searchlight completed the initial payments and the first phase of the 51% earn in, plus the \$250,000 required exploration expenditure. Originally a payment of \$50,000 and 166,667 shares due June 30th, 2019 has been replaced with a share payment of 1,425,000 shares which was paid within 5 days of TSXV approval. This completes the necessary requirements for Searchlight to earn 51%.

Underground Reopening at Rio Mine

In May 2018 Searchlight entered into a consulting agreement ("Agreement") with High Grade Mining Consulting Ltd ("High Grade") services to evaluate the conditions and costs to reopen the underground workings at the past producing Rio Gold Mine. A report "Project Management Plan. Bootleg Lake Project was completed and submitted to Searchlight Resources in June 2018

The Project Management Plan submitted by High Grade outlines the steps required to establish access to the historic Rio mine workings. It is estimated that 1,500 metres of underground mine working exist ramping down to 120 metres below surface. The Rio Mine was closed in 1989 and extensive closure was carried, closing the portal, removing the mill and reclaiming the site.

The scope of work included a data search of past development plans and closure reports, a site visit, report on permitting, ventilation, ground support, dewatering, health and safety including mine rescue, supervision, and regulatory reporting. In addition, High Grade developed an initial cost estimate for establishing access to the closed Rio Mine workings which ranges from approximately \$600,000 to \$900,000 depending on the underground rock conditions and the amount dewatering required.

New York Canyon Project, Nevada, United States

The New York Canyon Project consists of 60 unpatented mineral claims covering approximately 1,200 acres and 21 patented mineral claims covering an area of approximately 780 acres, including the Jaycor Mining Inc. claims, located within the vicinity of the New York Canyon Claims area, Mineral County, Nevada. The New York Canyon Project is approximately five miles east of Luning and 30 miles east of Hawthorne, in the sparsely populated west central part of Nevada.

In order to maintain the New York Canyon Project claims, the Company must annually pay a maintenance fee of US\$155 per claim by September 1 to the Nevada State Office of the Bureau of Land Management ("BLM") and by November 1 of each year the Company must file an affidavit and "Notice of Intent to Hold" the claims in Mineral County. The Company has paid the required maintenance fees and filed the affidavits required in order to extend the claims to December 31, 2018.

On May 9, 2019, the Company entered into a Letter of Intent to sell the New York Canyon Project with the terms described below:

Terms of the New York Canyon Transaction

Emgold has agreed to purchase a 100% interest in the 21-patented and 60-unpatented mining claims from Searchlight (the "Transaction") under the following terms:

1. \$10,000 on signing the LOI (received);
2. \$40,000 on closing of the Transaction;
3. \$500,000 in common shares of the capital of Emgold at the date of closing, with the share price based on the 30-day volume weighted average price of Emgold's share immediately prior to the announcement of the Transaction;
4. \$100,000 within 6 months of the date of closing;
5. \$100,000 within 12 months of the date of closing; and
6. \$100,000 within 18 months of the date of closing.

SEARCHLIGHT RESOURCES INC.
Management's Discussion and Analysis
Year Ended June 30, 2019

Financial

Selected Annual Information

During the most recent three fiscal years, the Company has not recognized any revenue, had any discontinued operations or extraordinary items, or declared any dividends.

	2019	June 30 2018	2017
	\$	\$	\$
Loss for the year	(567,322)	(1,056,226)	(446,378)
Loss per share, basic and diluted	(0.02)	(0.06)	(0.08)
Total assets	251,803	609,462	302,749
Long-term financial liabilities	-	84,345	100,000

Summary of Quarterly Results

The Company is an exploration stage company and has not generated any sales or revenues, nor has it had any extraordinary items or discontinued operations in the most recent eight fiscal quarters. The following is a summary of the Company's financial results for the eight most recent quarters:

Quarter ended:	Revenues \$	Net income (loss) \$	Basic and fully diluted income (loss) per share \$
September 30, 2017	-	(490,373)	(0.07)
December 31, 2017	-	(166,139)	(0.02)
March 31, 2018	-	13,650	0.00
June 30, 2018	-	(413,364)	(0.02)
September 30, 2018	-	(180,125)	(0.01)
December 31, 2018	-	(145,761)	(0.01)
March 31, 2019	-	(140,254)	(0.00)
June 30, 2019	-	(101,182)	(0.00)

To date, the Company has not yet realized profitable operations and has relied on equity financings and related party loans to fund its losses. The difference in the losses between the various quarters is mainly due to the amount of activity by the Company in each quarter, primarily on mineral exploration expenditures, general administration and regulatory requirements.

The loss for the quarter ended September 30, 2017 increased as the Company granted options in the quarter and as a result incurred stock-based compensation of \$296,029. The Company incurred a loss of \$166,139 in the quarter ended December 31, 2017 generally due to costs associated with exploration and development of its properties and unrealized losses on marketable securities. The Company had net income of \$13,650 for the quarter ended March 31,

2018 primarily due to mineral property option payments received in excess of capitalized costs of \$350,000 as a result of the Moonlight Property sale. The loss for the quarters ended June 30, 2018, September 30, 2018, December 31, 2018, March 31, 2019 and June 30, 2019 resulted from general operating expenses and mineral exploration costs.

Results of Operations

The review of the results of operations should be read in conjunction with the Company's June 30, 2019 consolidated annual financial statements. For the year ended June 30, 2019, the Company incurred a loss of \$557,322 (2018 - \$1,056,226).

The expenses and related costs that reflect changes in the Company's operations during the year ended June 30, 2019 include the following:

- Accounting and legal expenses decreased from \$136,259 for the year ended June 30, 2018 to \$131,596 for the year ended June 30, 2019. Accounting and legal expenses also include \$60,000 (2018 - \$7,000) of accounting fees paid to a company controlled by the Company's CFO and \$nil (2018 - \$72,000) paid to a company controlled by the Company's former CFO.
- Management fees consist of fees paid to the Company's CEO. The Company incurred management fees of \$120,000 (2018 - \$108,000) to the CEO.
- Investor relations expense decreased from \$200,252 during the year ended June 30, 2018, to \$81,166 during the year ended June 30, 2019. Fees primarily relate to costs incurred for the Company's annual general meetings, distribution of news releases and consulting fees for website development, the preparation of investor and shareholder materials, and investor relations and marketing activities.
- Rent was lower in 2019 than 2018 as a result of the Company utilizing smaller premises. During the year ended June 30, 2019, the Company paid \$16,324 (2018 - \$36,064).
- Transfer agent and filing fees were lower in 2019 than 2018 for fees paid to the TSX-V and transfer agent as a result of financing activity during the year. During the year ended June 30, 2019, the Company paid \$21,621 (2018 - \$39,038).

Exploration Expenditures

During the year ended June 30, 2019, the Company recorded mineral property costs of \$84,671 (2018 - \$466,596). These expenses primarily consist of staking new claims in the Samuels Lake property area, annual payments to maintain the New York Canyon Project in good standing and mineral lease payments.

Further particulars of exploration expenditures and commitments per project are provided in note 4 of the Company's June 30, 2019 consolidated annual financial statements.

The Company does not have sufficient funds and working capital to meet operating expenditures and exploration plans for the next 12 months. The Company will require additional financing to meet these costs.

Fourth Quarter Results

See *Summary of Quarterly Results*.

Liquidity and Capital Resources

At June 30, 2019, the Company had cash of \$24,827 (2018 - \$417,941) and working capital deficit of \$445,879 (2018 - working capital of \$186,840). For the year ended June 30, 2019, the Company had negative cash flows from operations.

Some factors affecting the Company's liquidity include:

- During the year ended June 30, 2019, the Company received proceeds of \$nil (2018 - \$170,717) from the sale of shares of marketable securities.
- During the year ended June 30, 2019, the Company received proceeds of \$nil (2018 - \$350,000) pursuant to the option agreement with Crown mining Corp.
- During the year ended June 30, 2019, the Company received proceeds of \$10,000 (2018 - \$nil) pursuant to the option agreement with Emgold Mining Corporation.
- The Company's operational plan calls for significant expenses in connection with the exploration of its properties. The Company does not have sufficient funds to meet its annual claim payments and meet its ongoing reporting obligations, The Company will require additional financing to carry out its exploration programs on the Bootleg Lake Gold Property and the Munro Warden over the next 12 months. Accordingly, the Company will require additional financing in order to meet these costs.
- Obtaining financing is subject to a number of factors, including the market prices for the mineral properties and copper. These factors may make the timing, amount, terms or conditions of additional financing unavailable to the Company. Since inception, the Company has used its common shares to raise money for operations and for property acquisitions. The Company has not attained profitable operations and is dependent upon obtaining financing to pursue its plan of operation. For these reasons, the Company's independent auditors believe these factors indicate the existence of a material uncertainty that may cast substantial doubt about its ability to continue as a going concern.

Related Party Transactions

Particulars of transactions with related parties are disclosed in note 5 to the June 30, 2019 financial statements. The Company does not have any contractual relationships with directors or officers other than employment contracts in the ordinary course of business.

- a) As at June 30, 2019, the Company was indebted to the CEO of the Company for \$88,646 (2018 - \$10,338) which is included in accounts payable and accrued liabilities. The amount is non-interest bearing, unsecured and due on demand.
- b) During the year ended June 30, 2019, the Company incurred management fees of \$120,000 (2018 - \$108,000) to the CEO of the Company.
- c) During the year ended June 30, 2019, the Company incurred professional fees of \$nil (2018 - \$37,775) and management fees of \$nil (2018 - \$60,000) to a company controlled by the former CFO of the Company.
- d) During the year ended June 30, 2019, the Company incurred management fees of \$60,000 (2018-\$7,000) to a company controlled by the CFO of the Company.
- e) During the year ended June 30, 2019, the Company granted 850,000 stock options with a fair value of \$25,207 (2018 - \$247,000) to officers and directors of the Company.

Financial Instruments and Risk Management

(a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at June 30, 2019, as follows:

	Fair Value Measurements Using			Balance, June 30, 2019 \$
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	
Cash	24,827	-	-	24,827
Marketable securities	10,620	-	-	10,620
	<u>35,447</u>	-	-	<u>35,447</u>

The fair values of other financial instruments, which include amounts receivable, accounts payable and accrued liabilities, loans payable, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and amounts receivable. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. Amounts receivable consists of GST refunds due from the Government of Canada. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate Risk

The Company operates in Canada and United States. Future exploration programs and option payments may be denominated in U.S. dollars. Foreign exchange risk arises from purchase transactions as well as financial assets and liabilities denominated in these foreign currencies.

The Company does not use derivative instruments to hedge exposure to foreign exchange rate risk. However, management of the Company believes there is no significant exposure to foreign currency fluctuations.

(d) Interest Rate Risk

The Company's cash may contain highly liquid investments that earn interest at market rates. The Company manages its interest rate risk by maximizing the interest earned on excess funds while maintaining the liquidity necessary to fund daily operations. Fluctuations in market interest rates do not have a significant impact on the Company's results of operations due to the short term to maturity of the investments held.

(e) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising debt or equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

(f) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities. The Company is exposed to price risk with the marketable securities held in publicly-traded companies. The Company's marketable securities are subject to risks associated with fluctuations in the market price of the marketable securities.

Accounting Standards Adopted

IFRS 9 *Financial Instruments* ("IFRS 9") On July 1, 2018, the Company adopted IFRS 9 *Financial Instruments* ("IFRS 9"). IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39"), introduces new requirements for the recognition and measurement of financial assets and liabilities, a single, forward looking "expected loss" impairment model and a reformed approach to hedge accounting. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules previously under IAS 39. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The International Accounting Standards Board ("IASB") requires an entity to apply IFRS 9 for annual periods beginning on or after January 1, 2018. Application of IFRS 9 to the Company's financial instruments had no impact on the Company's financial position or results of operations.

Accounting Standards Issued But Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended June 30, 2019, and have not been applied in preparing these consolidated financial statements.

New standard IFRS 16, "Leases"

The Company will adopt this revised standard and does not anticipate a material impact on the consolidated financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

Risk and Uncertainties

The following are some significant risk factors that could affect the Company's financial performance or could cause actual results to differ materially from estimates contained in the Company's forward-looking statements. The Company may encounter risks in addition to those described below. Additional risks and uncertainties not currently known to the Company, or that it currently deems to be immaterial, may also impair or adversely affect the Company's business, financial condition or results of operation.

An investment in the Company's common shares involves a high degree of risk. Investors should carefully consider the risks described below and the other information in this report before investing in the Company's common shares. If any of the following risks occur, the Company's business, operating results and financial condition could be seriously harmed. The price of the

Company's common shares could decline due to any of these risks, and investors may lose all or part of their investment.

The Company lacks an operating history and has losses which it expects to continue into the future. As a result, the Company may have to suspend or cease exploration activities and if the Company does not obtain sufficient financing, its business will fail.

The Company was incorporated on January 21, 2000 and to date has been involved primarily in the acquisition of its mineral properties and the exploration and development of the New York Canyon Project and Moonlight Property. The Company has no exploration history upon which an evaluation of its future success or failure can be made. The Company's ability to achieve and maintain profitability and positive cash flow is dependent upon the Company's ability to locate a profitable mineral property and the Company's ability to generate revenues.

The Company's plan of operation calls for significant expenses in connection with the exploration of the Bootleg Lake, English Bay, Duddridge Lake, Munro Warden and Cameron Cobalt properties, which may require the Company to obtain financing. The Company recorded a net loss of \$567,322 for the year ended June 30, 2019 and has an accumulated deficit of \$30,528,137 since inception. At June 30, 2019, the Company had cash of \$24,827. The Company does not have sufficient funds to meet its annual claim payments and meet its ongoing reporting obligations, and as such the Company will require additional financing to carry out its exploration programs on the Bootleg Lake, English Bay, Duddridge Lake, and Cameron Cobalt properties. There is no assurance the Company will be successful in raising funds or on terms that are acceptable to it. Since inception, the Company has been dependent on investment capital and debt financing from third parties as its primary source of liquidity. The Company anticipates continuing to rely on sales of its common shares and loans in order to continue to fund its business operations. Issuances of additional shares will result in further dilution of the Company's existing shareholders.

Obtaining financing would be subject to a number of factors, including the market prices for the mineral property and base and precious metals. These factors may make the timing, amount, terms or conditions of additional financing unavailable to the Company. Since inception, the Company has used its common shares to raise money for its operations and for its property acquisitions. The Company has not attained profitable operations and is dependent upon obtaining financing to pursue its plan of operation.

Because the Company anticipates its operating expenses will increase prior to earning revenues, the Company may never achieve profitability.

Prior to completion of the Company's exploration stage, the Company anticipates that it will incur increased operating expenses without realizing any revenues. The Company therefore expects to incur significant losses into the foreseeable future. The Company recognizes that if it is unable to generate significant revenues from the exploration of its mineral claims and the production of minerals thereon, if any, the Company will not be able to earn profits or continue operations. There is no history upon which to base any assumption as to the likelihood that the Company will prove successful, and it may not be able to ever generate any operating revenues or achieve profitable operations. If the Company is unsuccessful in addressing these risks, its business will most likely fail.

Because the Company is an exploration stage company, its business has a high risk of failure.

The Company is an exploration stage company that has incurred net losses since inception, has not attained profitable operations and is dependent upon obtaining adequate financing to complete its exploration activities. The success of the Company's business operations will depend upon its ability to obtain further financing to complete its planned exploration program and to attain profitable operations. If the Company is not able to complete a successful exploration program and attain sustainable profitable operations, then the Company's business will fail.

Because the Company has not commenced business operations, it faces a high risk of business failure.

The Company has not earned any revenues as of the date of this MD&A. Potential investors should be aware of the difficulties normally encountered by new mineral exploration companies and the high rate of failure of such enterprises. The likelihood of success must be considered in light of the problems, expenses, difficulties, complications and delays encountered in connection with the exploration of the mineral properties that the Company plans to undertake. These potential problems include, but are not limited to, unanticipated problems relating to exploration, and additional costs and expenses that may exceed current estimates.

The Company has no known mineral reserves and if it cannot find any and cannot continue to finance, will have to cease operations.

The Company has no known mineral reserves. Mineral exploration is highly speculative. It involves many risks and is often non-productive. Even if the Company is able to find mineral reserves on its property, its production capability is subject to further risks including:

- Costs of bringing the property into production including exploration work, preparation of production feasibility studies, and construction of production facilities, all of which the Company has not budgeted for;
- Availability and costs of financing;
- Ongoing costs of production; and
- Environmental compliance regulations and restraints.

The marketability of any minerals acquired or discovered may be affected by numerous factors which are beyond the Company's control and which cannot be accurately predicted, such as market fluctuations, the lack of milling facilities and processing equipment near its properties and such other factors as government regulations, including regulations relating to allowable production, exporting of minerals and environmental protection. If the Company does not find a mineral reserve or define a mineral inventory containing gold, silver or copper or if it cannot explore the mineral reserve, either because it does not have the money to do it or because it will not be economically feasible to do it, the Company will have to cease operations and investors will lose their investment.

In order to maintain the Company's rights to its mineral properties, the Company will be required to make annual filings with federal and state regulatory agencies and/or be required to complete assessment work on its mineral properties.

In order to maintain the Company's rights to its mineral properties, the Company will be required to make annual filings with federal and state regulatory authorities. In addition, it may be required by federal and/or state legislation or regulations to complete minimum annual amounts of mineral exploration work on its mineral properties. A failure by the Company to meet the

annual maintenance requirements under federal and state laws could cause its rights to the mineral properties to lapse.

Because of the inherent dangers involved in mineral exploration, there is a risk that the Company may incur liability or damages if and when the Company conducts mineral exploration activities.

The search for valuable minerals involves numerous hazards. As a result, if and when the Company conducts exploration activities, it may become subject to liability for such hazards, including pollution, cave-ins and other hazards against which the Company cannot insure or against which it may elect not to insure. The payment of such liabilities may have a material adverse effect on the Company's financial position.

If the price of base and precious metals declines, the Company's financial condition and ability to obtain future financings will be impaired.

The price of base and precious metals is affected by numerous factors, all of which are beyond the Company's control. Factors that tend to cause the price of base and precious metals to decrease include the following:

- Sales or leasing of base and precious metals by governments and central banks;
- A low rate of inflation and a strong US dollar;
- Speculative trading;
- Decreased demand for base and precious metals industrial, jewelry and investment uses;
- High supply of base and precious metals from production, disinvestment, scrap and hedging;
- Sales by base and precious metals producers and foreign transactions and other hedging transactions; and
- Devaluing local currencies (relative to base and precious metals price in US dollars) leading to lower production costs and higher production in certain major base and precious metals producing regions.

The Company's business is dependent on the price of base and precious metals. The Company has not undertaken hedging transactions in order to protect it from a decline in the price of base and precious metals. A decline in the price of base and precious metals may also decrease the Company's ability to obtain future financings to fund its planned development and exploration programs.

If the Company is unable to hire and retain key personnel, it may not be able to implement its business plan.

The Company's success is dependent upon the performance of key personnel working full-time in management, supervisory and administrative capacities or as consultants. This is particularly true in highly technical businesses such as mineral exploration. These individuals are in high demand and the Company may not be able to attract the personnel it needs. The loss of the services of senior management or key personnel could have a material and adverse effect on the Company, its business and results of operations. Failing to hire key personnel when needed, or on acceptable terms, would have a significant negative effect on the Company's business.

As the Company undertakes exploration of its mineral properties, it will be subject to compliance with government regulation that may increase the anticipated cost of its exploration program.

There are several governmental regulations that materially restrict mineral exploration. The Company is required to obtain work permits, post bonds and perform remediation work for any physical disturbance to the land in order to comply with these laws. If the Company enters the

SEARCHLIGHT RESOURCES INC.

Management's Discussion and Analysis
Year Ended June 30, 2019

production phase, the cost of complying with permit and regulatory environment laws will be greater because the impact on the project area is greater. Permits and regulations will control all aspects of the production program if the project continues to that stage. Examples of regulatory requirements include:

- Water discharge will have to meet drinking water standards;
- Dust generation will have to be minimal or otherwise re-mediated;
- Dumping of material on the surface will have to be re-contoured and re-vegetated with natural vegetation;
- An assessment of all material to be left on the surface will need to be environmentally benign;
- Ground water will have to be monitored for any potential contaminants;
- The socio-economic impact of the project will have to be evaluated and if deemed negative, will have to be re-mediated; and
- There will have to be an impact report of the work on the local fauna and flora including a study of potentially endangered species.

There is a risk that new regulations could increase the Company's costs of doing business and prevent it from carrying out its exploration program. The Company will also have to sustain the cost of reclamation and environmental remediation for all exploration work undertaken. Both reclamation and environmental remediation refer to putting disturbed ground back as close to its original state as possible. Other potential pollution or damage must be cleaned-up and renewed along standard guidelines outlined in the usual permits. Reclamation is the process of bringing the land back to its natural state after completion of exploration activities. Environmental remediation refers to the physical activity of taking steps to remediate, or remedy, any environmental damage caused. The amount of these costs is not known at this time as the Company does not know the extent of the exploration program that will be undertaken beyond completion of the recommended work program. If remediation costs exceed the Company's cash reserves, it may be unable to complete its exploration program and have to abandon its operations.

If the Company becomes subject to increased environmental laws and regulation, its operating expenses may increase.

The Company's development and production operations are regulated by Canadian and US federal laws, and Ontario and Saskatchewan provincial and California and Nevada state environmental laws that relate to the protection of air and water quality, hazardous waste management and mine reclamation. These regulations will impose operating costs on the Company. If the regulatory environment for the Company's operations changes in a manner that increases costs of compliance and reclamation, then its operating expenses would increase with the result that its financial condition and operating results could be adversely affected.

There has been a very limited public trading market for the Company's securities, and the market for the Company's securities may continue to be limited and be sporadic and highly volatile.

There is currently a limited public market for the Company's common shares. The Company's common shares trade in Canada on the TSX-V and over the counter in the United States on the OTC Pink market place. The Company cannot assure investors that an active market for its shares will be established or maintained in the future. The OTC Pink is not a national securities exchange and many companies have experienced limited liquidity when traded through this quotation system. Holders of the Company's common shares may, therefore, have difficulty selling their shares, should they decide to do so. In addition, there can be no assurances that such markets will continue or that any shares, which may be purchased, may be sold without

SEARCHLIGHT RESOURCES INC.

Management's Discussion and Analysis

Year Ended June 30, 2019

incurring a loss. The market price of the Company's shares, from time to time, may not necessarily bear any relationship to its book value, assets, past operating results, financial condition or any other established criteria of value, and may not be indicative of the market price for the shares in the future.

In addition, the market price of the Company's common shares may be volatile, which could cause the value of its common shares to decline. Securities markets experience significant price and volume fluctuations. This market volatility, as well as general economic conditions, could cause the market price of the Company's common shares to fluctuate substantially. Many factors that are beyond the Company's control may significantly affect the market price of its shares. These factors include:

- price and volume fluctuations in stock markets;
- changes in the Company's operating results;
- any increase in losses from levels expected by securities analysts;
- changes in regulatory policies or law;
- operating performance of companies comparable to the Company; and
- general economic trends and other external factors.

Even if an active market for the Company's common shares is established, shareholders may have to sell their shares at prices substantially lower than the price they paid for the shares or might otherwise receive than if an active public market existed.

If the Company completes a financing through the sale of additional shares of its common shares, shareholders will experience dilution.

The most likely source of future financing presently available to the Company is through the issuance of its common shares. Any sale of share capital will result in dilution to existing shareholders. The only other anticipated alternative for the financing of further exploration would be the offering by the Company of an interest in its properties to be earned by another party or parties carrying out further exploration thereof, which is not presently contemplated.

The Company will still be treated as a U.S. corporation and taxed on its worldwide income after the Continuation.

The continuation of the Company from the State of Nevada to the Province of British Columbia, Canada is considered a migration of the Company from the State of Nevada to the Province of British Columbia, Canada. Certain transactions whereby a U.S. corporation migrates to a foreign jurisdiction can be considered by the United States Congress to be an abuse of the U.S. tax rules because thereafter the foreign entity is not subject to U.S. tax on its worldwide income. Section 7874(b) of the Internal Revenue Code of 1986, as amended (the "Code"), was enacted in 2004 to address this potential abuse. Section 7874(b) of the Code provides generally that certain corporations that migrate from the United States will nonetheless continue to be treated as United States corporations for all U.S. federal tax purposes, including being subject to U.S. tax on their worldwide income unless the migrating entity has substantial business activities in the foreign country to which it is migrating when compared to its total business activities.

Section 7874(b) of the Code will apply to the migration of the Company from the State of Nevada to the Province of British Columbia, Canada, and the Company will continue to be a U.S. domestic corporation for U.S. federal tax purposes and will be subject to United States federal income taxation on its worldwide income. Section 7874(b) of the Code will apply to the Company's migration unless the Company has substantial business activities in Canada when compared to its total business activities, which the Company does not anticipate will be the case.

Non-U.S. holders of the Company's common shares, in certain situations, could be subject to U.S. federal income tax upon the sale, exchange or disposition of the Company's common shares.

The Company believes that it is, and will remain for the foreseeable future, a "U.S. real property holding corporation" for U.S. federal income tax purposes. As a result, under the Foreign Investment in Real Property Tax Act ("FIRPTA") certain non-U.S. investors may be subject to U.S. federal income tax on gain from the disposition of shares of the Company's common shares, in which case they would also be required to file U.S. tax returns with respect to such gain, and may be subject to a withholding tax with respect to a disposition of the Company's shares. In general, whether these FIRPTA provisions apply depends on the amount of the Company's common shares that such non-U.S. investors hold and whether, at the time they dispose of their shares, the Company's common shares are regularly traded on an established securities market within the meaning of the applicable Treasury Regulations. So long as the Company's common shares continue to be regularly traded on an established securities market, only a non-U.S. investor who has held, actually or constructively, more than 5% of the Company's common shares at any time during the shorter of (i) the five-year period ending on the date of disposition, and (ii) the non-U.S. investor's holding period for its shares, may be subject to U.S. federal income tax on the disposition of the Company's common shares under FIRPTA.

Share Capital

The Company had 24,932,908 common shares issued and outstanding at June 30, 2019.

Private Placements

On September 18, 2019, the Company completed a private placement of 2,000,000 flow-through units and 2,790,000 units for total proceeds of \$239,500. Each flow-through unit consisted of one common share and one-half share purchase warrant and each unit consisted of one common share and one share purchase warrant. Each whole share purchase warrant entitles the holder to acquire one common share for \$0.05 expiring on September 18, 2021.

On October 25, 2019, the Company completed a private placement of 1,340,000 units for proceeds of \$67,000. Each unit consisted of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to acquire one common share for \$0.05 expiring on October 25, 2019.

Fiscal 2019

The Company completed no private placements during the fiscal year ended June 30, 2019.

Share Purchase Warrants

In September 2019, 8,076,000 warrants exercisable at \$0.15 per share expired.

In September 2019, the Company issued 3,790,000 warrants exercisable at a price of \$0.05 per share in connection with a private placement.

In October 2019, the Company issued 1,340,000 exercisable at 0.05 per share in connection with a private placement.

Stock Options

The Company has a rolling stock option plan that allows for the issuance of options equal to 10% of the number of issued and outstanding shares for a term of up to five years. The Company's shareholders re-approved the stock option plan at the annual general meeting held in December 2018.

In April 2019, 440,000 options expired unexercised.

In January 2019, the Company granted incentive stock options to officers, directors and consultants, to purchase up to 875,000 common shares. The options have an exercise price of \$0.05 and are exercisable until January 24, 2024.

In August 2018, 366,667 options were cancelled.

Additional Disclosure for Venture Issuers without Significant Revenue

An analysis of material components of the Company's exploration and evaluation assets and mineral property costs are disclosed in the audited consolidated financial statements for the year ended June 30, 2019 to which this MD&A relates.

An analysis of material components of the Company's general and administrative expenses is disclosed in the audited consolidated financial statements to which this MD&A relates.

Outstanding Share Information

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

- 31,062,908 common shares issued and outstanding
- 427,500 share purchase warrants exercisable at \$0.30 per share expiring December 29, 2019, 3,790,000 share purchase warrants exercisable at \$0.05 per share expiring September 18, 2021 and 1,340,000 share purchase warrants exercisable at \$0.05 per share expiring on October 25, 2019.
- 1,900,000 stock options expiring between September 29, 2022 and January 24, 2024.