

# **ROYAL GOLD MINING INC.**

## **Management's Discussion and Analysis**

**Six Month Period Ended  
August 31, 2020**

(Expressed in Canadian Dollars)

**Report Date – October 30, 2020**

**ROYAL GOLD MINING INC.**  
**For the six month period ended August 31, 2020**  
**Management's Discussion and Analysis**

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This Management's Discussion & Analysis ("MD&A") is intended to assist in the understanding of the trends and significant changes in the financial condition and results of operations of Royal Gold Mining Inc. ("Royal" or the "Company") for the six month period ended August 31, 2020. It should be read in conjunction with condensed interim financial statements for the six month period ended August 31, 2020 and the audited annual financial statements and related notes for the year ended February 29, 2020 which was prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). All figures in this MD&A are expressed in Canadian Dollars unless otherwise noted. Additional information relevant to the Company's activities can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Overview**

The Company is incorporated under the Company Act of British Columbia, and extra-provincially registered in the Northwest Territories. Its principal activities are the exploration of resource properties. The Company has interests in a gold property in Quebec and the Yukon Territory. The Company's property is currently at the "exploration stage". At this time the Company has no production from its mineral interests.

### **Selected Annual Information**

The following table sets forth selected audited financial information of the Company from the last three completed financial years.

	<b>2020</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Total revenue	–	–	–
Net loss for the year	(348,031)	(166,536)	(141,569)
Basic and diluted loss per share	(0.05)	(0.01)	(0.01)
Total assets	704,275	168,045	90,201
Non-current financial liabilities	-	-	139,260

### **Results of Operations**

The Company incurred a net loss of \$133,415 for the six month period ended August 31, 2020 compared to a net loss of \$201,916 for the six month period ended August 31, 2019. The decrease was due primarily to a reduction in professional and consulting fees in the current period.

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**Summary of Quarterly Results**

The following table sets out financial information for the Company for each of the last eight quarters summarized in accordance with IFRS.

Quarter Ended	Aug 31, 2020 (\$)	Nov 30, 2019 (\$)	Feb 29, 2020 (\$)	Nov 30, 2019 (\$)
Revenue	Nil	Nil	Nil	Nil
Loss for period	(105,233)	(28,182)	(109,455)	(238,576)
Loss per share	(0.01)	(0.00)	(0.01)	(0.02)
Quarter Ended	Aug 31, 2019 (\$)	May 31, 2019 (\$)	Feb 28, 2019 (\$)	Nov 30, 2018 (\$)
Revenue	Nil	Nil	Nil	Nil
Loss for period	(75,384)	(126,332)	(42,299)	(41,682)
Loss per share	(0.01)	(0.01)	-	-

**Liquidity**

Historically, the Company's sole source of funding has been from loans payable and the issuance of equity securities for cash, primarily through private placements. The Company's access to exploration financing when the financing is not transaction specific is always uncertain. There can be no assurance of continued access to equity or debt funding.

The Company had cash on hand of \$46,304 and a working capital deficiency of \$113,110 as at February 29, 2020 compared to \$8,503 and \$781,955 as at February 28, 2019. The significant improvement is due to the combination of the equity financing and debt settlement that was completed in August 2019.

During the six month period ended August 31, 2020, the Company received \$216,750 from the exercise of 1,445,000 share purchase warrants at \$0.15 per share.

**Resource Properties**

Kirkland Creek Property

The Kirkland Creek property is located 120 kilometers northwest of Whitehorse, Yukon in the Ashihik Lake region. The Kirkland Creek property originally was comprised of 144 claims totaling approximately 7,300 acres. The Company paid the vendor 2,000,000 common shares for a 100% interest in the property. The vendor retained a 3% net smelter royalty ("NSR") on any mineral production from the property. The Company has the right to purchase up to 2% of the 3% NSR for \$1,000,000 per percentage point. The Kirkland Creek property now consists of 40 contiguous claims. The Company is obligated to make pre-production royalty payments of an aggregate of \$25,000 annually to the Vendor – Deborah Moreau, who is the common-law spouse of the CEO of the Company.

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**Resource Properties** (continued)

Saint Sabine Property, Quebec

In September 2019, the Company acquired an option to purchase a 100% ownership interest in 163 mining claims in the Beauce region of Quebec, known as the Sainte Sabine property.

In consideration, the company will make cash payments totalling \$295,000, issue a total of 1,500,000 shares and undertake a total of \$2,200,000 in exploration work all in stages over a four-year period as follows:

- Upon exchange approval, \$55,000 cash (paid) and 200,000 shares;
- Year 1, \$45,000, 250,000 shares and \$100,000 in work expenditures;
- Year 2, \$55,000, 300,000 shares and \$400,000 in work expenditures;
- Year 3, \$65,000, 350,000 shares and \$700,000 in work expenditures;
- Year 4, \$75,000, 400,000 shares and \$1,000,000 in work expenditures.

A 2% net smelter royalty applies to the acquisition, of which two tranches of 0.5% may be acquired for \$500,000 each.

Eliza Gold Project, Quebec

On February 6, 2020, the Company entered into an option agreement whereby the Company has the right to earn a 100% interest in 8 mineral claims covering 408 hectares within and near Azimut Exploration Inc.'s Elmer property, James Bay territory, Quebec. in exchange for issuing 600,000 units to the vendor and paying \$20,000 in cash. The vendor will retain 2%-per-cent net smelter return ("NSR") royalty on the Eliza Gold Project. The Company may repurchase 50% of the NSR for a cash payment of \$1,000,000.

In consideration, the Company will make cash payments totalling \$20,000, issue a total of 600,000 units all in stages over a three-year period as follows: •

- Within 3 days of Exchange approval, \$20,000 cash (paid in March) and 150,000 shares and 150,000 warrants exercisable at \$0.60 for two years (issued in March);
- 1st anniversary of Exchange approval, issue 150,000 shares and 150,000 warrants exercisable at \$0.60 for two years;
- 2nd anniversary of Exchange approval, 150,000 shares and 150,000 warrants exercisable at \$0.60 for two years; and
- 3rd anniversary of Exchange approval, 150,000 shares and 150,000 warrants exercisable at \$0.60 for two years.

The optionor retains a 2% net smelter royalty, of which two tranches of 0.5% may be acquired by the Company for \$500,000 each.

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**Resource Properties** (continued)

Partridge Gold Property

In January 2020, the Company acquired a 100% interest in 95 mineral claims covering 52.68 km<sup>2</sup> in Abitibi, Quebec (the "Partridge Gold Project") in exchange for issuing 360,000 common shares to the vendor. The vendor will retain 2%-per-cent net smelter return ("NSR") royalty on the Partridge Gold Project. The Company may repurchase 50% of the NSR for a cash payment of \$1,000,000.

In October 2020, the Company entered into an agreement to purchase a 100% interest in an additional 97 mineral claims that are contiguous to the existing Partridge Gold Property. The consideration for the claims is the payment of \$20,000 in cash and the issuance of 100,000 units of the Company at a price of \$0.30 per unit. Each unit is comprised of one common share and one share purchase warrant exercisable at \$0.50 for a period of 12 months. The vendor will retain a 2% NSR. The Company may repurchase 50% of the NSR for a cash payment of \$1,000,000.

**Transactions with Related Parties**

- (a) During the six month period ended August 31, 2020, the amount of \$21,250 (2019 – \$22,500) was incurred to the Chief Executive Officer of the Company for consulting fees.
- (b) During the six month period ended August 31, 2020, the amount of \$Nil (2019 – \$31,128) was incurred to the Chief Executive Officer of the Company for exploration costs.
- (c) As at August 31, 2020, a total of \$31,194 (February 28, 2019 - \$31,194) was included in accounts payable and accrued liabilities owing to a corporation controlled by the CEO of the Company.

**Off-Balance Sheet Arrangements**

As of the Report Date, the Company has not entered into any Off-Balance Sheet Arrangements.

**Adoption of New Accounting Standards**

No new accounting standards were adopted during the period.

**Disclosure of Outstanding Share Data**

As at August 31, 2020 and the Report Date, the Company had the following securities outstanding:

<u>Type of Security</u>	<u>February 29, 2020</u>	<u>Report Date</u>
Common Shares	12,751,962	12,751,962
Options	-	-
Warrants	6,497,919	6,497,919

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**Subsequent Events**

Subsequent to August 31, 2020, the Company

- a) entered into an agreement to purchase a 100% interest in 97 mineral claims that are contiguous to the existing Partridge Gold Property in Quebec. The consideration for the claims is the payment of \$20,000 in cash and the issuance of 100,000 units of the Company at a price of \$0.30 per unit. Each unit is comprised of one common share and one share purchase warrant exercisable at \$0.50 for a period of 12 months. The vendor will retain a 2% net smelter return royalty ("NSR"). The Company may, at any time, purchase 50% of the NSR in exchange for a cash payment of \$1,000,000. This transaction remains subject to regulatory approval.
- b) The Company entered into an agreement an option to acquire up to a 70-per-cent interest in the advanced-stage Bellechasse Timmins gold property located in the Beauce region of southern Quebec from Yorkton Ventures Inc., an arm's-length party. In order to acquire a 35-per-cent interest in the property, the company will: (i) Make a \$250,000 cash payment prior to Oct. 2, 2020, to the optionor; (ii) Issue a \$100,000 two-year 10-per-cent promissory note to the optionor; (iii) Issue one million shares of the company to the optionor; and, (iv) incur \$200,000 of property expenditures within 12 months. In order to acquire an additional 35 per cent resulting in a 70-per-cent interest, the company shall make a cash payment to the optionor of \$350,000 on or before April 15, 2021, and expend \$250,000 in work expenditures prior to Sept. 30, 2023. At that point a joint venture partnership will be formed where each party will contribute their share of the project expenditures and costs, or will be diluted down accordingly. The agreement is subject to regulatory approval.
- c) announced a name change from Royal Gold Mining Inc. to AuQ Gold Mining Inc. The Company will also begin trading under a new ticker symbol "AUQ" effective November 4, 2020.