

## ROYAL GOLD MINING INC. (formerly Shoshoni Gold Ltd.)

For the year ended February 29, 2020

### Management's Discussion and Analysis

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This management's discussion and analysis of financial position and results of operations is prepared as at August 13, 2020. The audited annual financial statements for the year ended February 29, 2020 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars. 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 the province of Quebec and the Yukon Territory. The Company's property is currently at the "exploration stage". Currently, 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.

	2020	2019	2018
	\$	\$	\$
Total revenue	–	–	–
Net loss for the year	(348,031)	(166,536)	(141,569)
Basic and diluted loss per share	(0.05)	(0.07)	(0.01)
Total assets	704,275	168,045	90,201
Non-current financial liabilities	–	–	139,260

#### Results of Operations

##### *Results of Operations for the years ended February 29, 2020 and February 28, 2019:*

The Company incurred a net loss of \$348,031 for the year ended February 29, 2020 compared to a net loss of \$166,536 for the year ended February 28, 2019. The most significant change relates to consulting fees of \$261,326 (2019- \$105,000) attributable to increased expenditures related to the investigation, evaluation, and negotiation of two additional gold exploration projects in Quebec.

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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:

Quarter Ended	Feb. 28, 2020 \$	Nov. 30, 2019 \$	Aug. 31, 2019 \$	May 31, 2019 \$
Revenue	Nil	Nil	Nil	Nil
Loss for period	(109,455)	(36,860)	(75,384)	(126,332)
Loss per share	(0.01)	(0.00)	(0.01)	(0.02)
Quarter Ended	Feb. 28, 2019 \$	Nov. 30, 2018 \$	Aug. 31, 2018 \$	May 31, 2018 \$
Revenue	Nil	Nil	Nil	Nil
Loss for period	(42,299)	(41,682)	(25,129)	(57,426)
Loss per share	–	–	–	(0.01)

**Liquidity**

Historically the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements and loans payable. The Company has issued common share capital in past years, pursuant to private placement financings and the exercise of warrants or options. 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 \$109,423 as at February 29, 2020 compared to \$8,603 as at February 28, 2019. The Company had a working capital deficiency of \$525,601 as at February 29, 2020 compared to a working capital deficiency of \$781,955 as at February 28, 2019.

**Resource Properties**

**Kirkland Creek Property, Yukon**

The Company has negotiated the purchase of the Kirkland Creek Property, located 120 kilometers northwest of Whitehorse, Yukon, in the Ashihik Lake region. The 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 will retain 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. On May 7, 2007, the Company announced that it had expanded the property by staking an additional 36 claims (1,830 acres) adjoining the original 144-claim block. The Company has allowed some of the claims it considers to be of lesser importance to lapse. 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.

During the year ended February 28, 2017, as a result of applying IFRS 6, the Company was forced to write down this property by \$2,296,719 to a nominal amount of \$1 as a result of not meeting the criteria for expenditures on the property. Under IFRS 6 where substantial expenditures are neither budgeted nor planned there is an indicator of impairment, and where fair value cannot be determined the property is written down to a nominal amount. During the year ended February 28, 2019, the Company resumed exploration activities on the property.

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**Saint Sabine Property, Quebec**

In September 2019, the Company acquired an option to purchase a 100% ownership interest in 140 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 (issued);
- 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.

**Partridge Gold Property, Quebec**

On January 16, 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 \$1,000,000.

**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);
- 1<sup>st</sup> anniversary of Exchange approval, issue 150,000 shares and 150,000 warrants exercisable at \$0.60 for two years;
- 2<sup>nd</sup> anniversary of Exchange approval, 150,000 shares and 150,000 warrants exercisable at \$0.60 for two years; and
- 3<sup>rd</sup> anniversary of Exchange approval, 150,000 shares and 150,000 warrants exercisable at \$0.60 for two years.

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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.

**Transactions with Related Parties**

- (a) During the year ended February 29, 2020, the amount of \$30,000 (February 28, 2019 – \$11,500) was incurred to the Chief Executive Officer of the Company for consulting fees.
- (b) As at February 29, 2020, the amount of \$31,194 (February 28, 2019 – \$31,194) was owed to the Chief Executive Officer of the Company which is recorded in accounts payable and accrued liabilities. The amount due is non-interest bearing, unsecured, and due on demand.
- (c) During the year ended February 29, 2020, the amount of \$nil (February 28, 2019 - \$31,128) was incurred to the Chief Executive Officer of the Company for exploration costs.
- (d) During the year ended February 29, 2020, the amount of \$9,925 (February 28, 2019 – \$nil) was incurred to directors of the Company for consulting fees.
- (e) As at February 28, 2020, the amount of \$nil (2019 - \$33,500) is owed to the Chief Executive Officer of the Company which bears interest at 10% per annum, is unsecured, and is due on September 30, 2019.
- (f) As at February 29, 2020, the amount of \$82,500 (February 28, 2019 – \$2,500) was owed to companies controlled by the Chief Executive Officer of the Company which is non-interest bearing, unsecured, and due on demand.

**Off Balance sheet Arrangements**

As of the date of this management discussion, the Company has no such arrangements.

**Financial Instruments and Other Instruments**

*Fair Values*

Fair value measurements are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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**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 February 29, 2020, and have not been early adopted in preparing these financial statements. These new standards, and amendments to standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's financial statements.

**Disclosure by Venture Issuer Without Significant Revenue**

An analysis of the material components of the Company's general and administrative expenses is disclosed in the financial statements for the year ended February 29, 2020 to which this MD&A relates. An analysis of the material components of the Company's exploration and evaluation assets is disclosed in the financial statement for the year ended February 29, 2020 to which this MD&A relates.

**Disclosure of Outstanding Share Data**

As at August 13, 2020, the Company has 12,736,962 common shares issued and outstanding.

As at August 13, 2020, the Company has the following share purchase warrants outstanding

- a) 2,345,000 warrants exercisable until August 7, 2021 at \$0.20 per share
- b) 4,017,919 warrants exercisable until August 2, 2021 at \$0.20 per share
- c) 150,000 warrants exercisable at \$0.60 per share until April 15, 2022

As at August 13, 2020, the Company has no stock options outstanding.