

WALKER RIVER RESOURCES CORP.

Management Discussion and Analysis

For the three and nine months ended August 31, 2019

This Management Discussion and Analysis (“MD&A”), prepared October 10, 2019 should be read in conjunction with the consolidated financial statements and notes for the three and nine months ended August 31, 2019 and 2018 which were prepared in accordance with International Financial Reporting Standards.

This management discussion and analysis may contain forward-looking statements in respect of various matters including upcoming events. The results or events predicted in these forward-looking statements may differ materially from the actual results or events. The Company disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

DESCRIPTION OF BUSINESS

Walker River Resources Corp. (“the Company”) was incorporated pursuant to the British Columbia Business Corporations Act on December 16, 2010 as Rhino Exploration Inc. On March 4, 2013 the Company changed its name to Walker River Resources Corp. The principal business of the Company is the identification, evaluation and acquisition of mineral properties, as well as exploration of mineral properties once acquired. The Company’s shares are listed for trading on the TSX Venture Exchange under the symbol WRR.

The Company is an exploration stage company and is in the process of exploring its interest in the Lapon Canyon Gold Project (Nevada, USA) (“Lapon Project”), the Rattlesnake Project (Nevada, USA) (“Rattlesnake”), the Pikes Peak Project (Nevada, USA) (“Pikes Peak”) and its interest in the Garfield Flats Project (Nevada, USA) (“Garfield Flats”). At August 31, 2019, the Company had not yet determined whether any of its projects contain ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and future profitable production from the properties or realizing proceeds from their disposition.

In March of 2017 the Company incorporated a subsidiary, Walker River Resources LLC, a Nevada company. The Company holds 100% of the issued and outstanding shares of the subsidiary.

EXPLORATION PROJECT

Total costs incurred on exploration and evaluation assets are summarized as follows:

Nine months ended August 31, 2019:

	Lapon Project	Garfield Project	Rattlesnake Project	Pikes Peak Project	Total
Acquisition costs:					
Balance, beginning of year	\$ 3,639,012	\$ 115,446	\$ –	\$ –	\$3,754,459
Additions	–	–	178,372	7,899	186,271
Balance, end of period	3,639,012	115,446	178,372	7,899	3,940,729
Deferred exploration expenditures:					
Balance, beginning of the year	995,913	3,000	–	–	998,913
Geologist fees and assays (Note 10)	718,623	2,100	–	–	720,723
Equipment depreciation (Note 4)	4,929	–	–	–	4,929
Balance, end of period	1,719,465	5,100	–	–	1,724,565
	\$ 5,358,477	\$ 120,546	\$ 178,372	\$ 7,899	\$5,665,294

Year ended November 30, 2018:

	Lapon Project	Garfield Project	Total
Acquisition costs:			
Balance, beginning of year	\$ 3,639,013	\$ –	\$ 3,639,013
Forgiveness of debt on assignment of option agreement	–	70,883	70,883
Cash	–	44,563	44,563
Balance, end of period	3,639,013	115,446	3,754,459
Deferred exploration expenditures:			
Balance, beginning of the year	755,206	–	755,206
Geologist fees and assays	233,544	3,000	236,544
Equipment depreciation	7,163	–	7,163
Balance, end of period	995,913	3,000	998,913
	\$ 4,634,926	\$ 118,446	4,753,372

Lapon Canyon Gold Project, Nevada

On February 1, 2014, the Company entered into a release agreement with District Gold Inc. (“District”) and World Ventures Inc. (“WVI”) to acquire 100% of the Lapon Canyon Gold Project (“Lapon Project”) directly from Donald Potts (“Potts”)., In consideration, the Company issue a total of 300,000 common shares and paid \$200,000 to District and WVI. The Company will also pay District and WVI a royalty on revenues received from the Lapon Project equal to 1% of Net Smelter Returns (“NSR”). The Company has an option to buy the NSR for \$300,000.

On March 1, 2014 the Company signed a Lease Agreement with the Estate of Donald Potts (“the Potts estate”), Terms of the agreement were that the Company would pay the Potts estate \$13,500 US per three month period as a lease payment for three years and issue 200,000 shares per year for a total of 800,000 shares.

On June 1, 2017, the Company paid a final \$217,000 US (\$292,950 CDN) to buyout the lease agreement from the Potts estate. The Potts estate will retain a .5% NSR on the Lapon Project.

On April 10, 2017 the Company issued the final payment of 200,000 shares.

The Company has now purchased 100% of the lease of the Lapon Project from the Potts estate.

On September 16, 2015, the Company entered into Exploration and Option Agreement to form a joint venture on the Lapon Project with Nevada Canyon Gold Corp (“Nevada Canyon”). Nevada Canyon had an option to acquire an initial 25% of the Lapon Project for US\$250,000 of exploration expenditures within 1 year and an option to acquire a further 25% for an additional US US\$250,000 of exploration within 2 years. On October 15, 2016, Nevada Canyon completed the required expenditure of \$250,000 and acquired a 25% interest in the Lapon Project.

As at June 30, 2017, Nevada Canyon had completed a further \$50,000 in eligible exploration expenditures and their interest in the Property increased to 30%.

On July 5, 2017, the Company agreed to purchase Nevada Canyon's 30% interest in the Lapon Project in exchange for 9,100,000 shares of the Company with a fair value of \$1,228,500 and issued 11,900,000 warrants. Each warrant is exercisable for a period of five years without further consideration into one common share of the Company. The terms of the warrants contain a provision that Nevada Canyon cannot exercise any warrants which would result in it owning 10% of the Company. The warrants were valued at \$1,605,695.

Additionally, the Company has staked an additional 60 claims and renewed its original 36 claims for a total of \$20,271 in fees. The property now consists of 96 claims.

2015 Exploration Program

Exploration work began in April 2015 and significant exploration progress was made in 2015. Within the upper Lapon Rose zone, gold mineralization in the form of Visible Gold was noted in two different locations within the upper adit.

Samples within this adit were taken for rock identification purposes. The intense alteration and shearing makes on site identification difficult. The samples were cut and studied using a microscope confirming that the in situ rock is Porphyry, in all probabilities, a quart monzonite intrusive. Copper mineralization, in the form of malachite and chalcopyrite has also been discovered within the Lapon Rose zone.

A newly discovered shear/alterated zone was discovered some 600 meters east of the Lapon Rose. Evidence of mining activities within this previously unknown zone were discovered with evidence of a collapsed mine portal.

Finally, another shear zone, some 1000 meters west of the Lapon Rose zone, shows intense iron oxide mineralization and silicification, with the presence of a previously unknown adit into the center of this. During the end of 2015, the Company completed an initial 5-hole reverse circulation (“RC”) drill program totaling 760 metres on the Lapon Project. The drill program was designed to test and confirm mineralization in an around the historical workings and mining on the Lapon Project.

The initial drill results confirmed the potential for the emplacement of significant gold mineralization on the Lapon Project.

2016 Exploration Program

During 2016, the Company completed a 9-hole reverse circulation (“RC”) drill program totaling 1040 metres on the Lapon Project. The drill program was designed to build on the success of the initial 2015 drill program continuing to test and confirm mineralization in an around the historical workings and mining on the Lapon Project.

RC drill hole LC 16-10 was designed to verify the position of previously reported, presently inaccessible mined out area. The drill hole successfully intersected the mined-out stope at the reported location and verified the width at some 8 meters at a depth of 68 meters. It is significant that the gold mineralization encountered in LC 16-10 was encountered from 54.9 to 67.1 meters, only 0.8 meters from the stope.

These additional drill results from the 2016 drill program continue to confirm the potential for the emplacement of significant gold mineralization on the Lapon Project.

2017 Exploration Program

During 2017 the Company’s geologists completed a thorough review and detailed compilation of the 2015 and 2016 drill programs. About 6,000 metres of drilling has been outlined and planned for the 2017 drill program. On October 4, 2017 the Company released preliminary results from the 2017 drill program. RC drill hole LC 17-13 and LC 17-14 both returned significant results, which continue to confirm the potential for the emplacement of gold mineralization on the Lapon Project.

Additionally, the Company increased its landholdings at the Lapon Project by acquiring through staking, an additional 60 claims covering the strike and dip extensions of the altered and mineralized zones discovered by geological mapping conducted by the company’s geologists and confirmed by the 2015 and 2016 drill programs. The Lapon Project now consists of 96 claims (1,940 acres).

2018 Exploration Program

The Company retained Fladgate Exploration Consulting Corp. of Thunder Bay, Ont., a full-service mineral exploration consulting firm. Fladgate will be responsible for the management and supervision of the exploration programs at the Lapon Canyon project. Fladgate will initially complete the formation, interpretation and compilation of the Lapon project’s digital database. Fladgate’s initial interpretations of the Lapon digital database will greatly enhance the planning and design of Walker’s upcoming 2018 drill program. The Company and Fladgate are also planning a regional geological survey on all of the properties within the Lapon project. These surveys will greatly aid in the acceleration of drilling, geological mapping and understanding of the gold mineralization at Lapon and all of the Company’s other properties. Subsequent to year end the Company completed a six-hole RC drill hole program on the Lapon Canyon Project in December 2018. RC drill hole LC

18-28, LC 18-29, LC 18-30 and LC 18-31 all returned significant results, which continue to confirm the potential for the emplacement of gold mineralization on the Lapon Project.

2019 Exploration Program

The Company received a 2-year extension from the U.S. Bureau of Land Management (the “BLM”) for its Notice of Intent (the “NOI”) exploration permit to conduct further drilling on the Lapon Canyon Gold Project. The NOI exploration permit with the BLM covers the disturbance areas created to establish drill road access and drill sites within the Lapon Canyon Project. The Company has secured the required bonding to cover reclamation on the areas of permitted disturbance for the 2019 drill program. The Company can amend the NOI exploration permit over the next 2 years to increase the permitted disturbance areas for additional drill sites and access roads at the Lapon Project. The Company’s consultant, Fladgate Exploration Consulting Corp. (“Fladgate”) of Thunder Bay, ON. has completed its interpretation, compilation and update of the Lapon Project’s digital database with the 2018 drill results. The Company has planned for an additional 30-hole drill hole program on the project for 2019.

During the period ending August 31, 2019, the Company expanded the Lapon Gold Project by acquiring the Rattlesnake and Pikes Peaks claims.

Rattlesnake Project

On July 3, 2019, the Company's subsidiary, Walker River Resources LLC, and MSM Resource LLC (Alan Day), entered into a purchase agreement for the Rattlesnake property, comprising 15 unpatented lode claims south of the Lapon project's recently discovered range front zone. These additional claims cover possible extensions of the range front zones to the south and add several additional drill target areas to the Lapon project.

The Company purchased an undivided 100-per-cent interest in the Rattlesnake property as follows: (i) \$10,000 (U.S.) upon signing of the purchase agreement; (ii) the issuance of 900,000 common shares of the Company.

Pikes Peak Project

The Company increased its landholdings approximately four kilometres north of the Lapon Canyon project by acquiring, through staking, an additional 36 claims covering the new Pikes Peak property.

The Rattlesnake and Pikes Peak claims cover over eight kilometres of possible extensions of the range front zones to the west, north and south of Lapon Canyon, adding several additional drill target areas to the Lapon gold project. Rattlesnake and Pikes Peak contain numerous historical workings that comprise milling facilities, several adits at different levels, underground workings with vertical shafts and a network of existing roads providing access to connect all the historical workings.

Sampling Methodology, Chain of Custody, Quality Control and Quality Assurance

All sampling was conducted under the supervision of the Company's project geologists and the chain of custody from the drill to the sample preparation facility was continuously monitored. A blank or certified reference material was inserted approximately every tenth sample. The Lapon Project samples were delivered to ALS Minerals certified laboratory facility in Reno, NV. The samples were crushed, pulverized and the sample pulps digested and analyzed for gold using fire assay fusion and a 50g gravimetric finish. Higher grade samples used a 1kg screen fire assay with screen to 100 microns and 50g gravimetric finish.

The scientific and technical content and interpretations contained in this MD&A have been reviewed, verified and approved by E. Gauthier, geol., Eng (OIQ) a Qualified Person as defined by NI 43-101, Standards of Disclosure for Mineral Projects.

Garfield Flats Project, Nevada

On July 11, 2018, the Company signed an Exploration Lease with Option to Purchase Agreement (“Option”) with Nevada Canyon on the Garfield Flats Project, located in Mineral County, Nevada about 18 miles southeast of the town of Hawthorne, NV.

The Option gives the Company the exclusive purchase option and right to acquire 100% ownership of the Garfield Flats Project. Consideration for the acquisition of the Option is a cash payment of \$55,000 US. The Company cancelled its loan of \$55,000 US to Nevada Canyon as consideration for the acquisition cost of the Option.

The Garfield Flats Project consists of 106 unpatented mining claims.

The Nevada Canyon Option commenced on June 7, 2017 and continues for ten years, subject to the right to extend the Agreement for two additional terms of ten years each, and subject to an option to purchase the Property. Full consideration of the agreement consists of the following:

- \$15,000 US (paid) initial cash payment upon the execution of the agreement on June 7, 2017,
- \$15,000 US (paid) on the first anniversary of the agreement,
- \$20,000 US (second anniversary paid) to be paid on the second and third anniversary of the agreement,
- \$25,000 US to be paid on the fourth and fifth anniversary of the agreement,
- \$40,000 US to be paid on the sixth and any succeeding anniversary of the agreement.

The Company has an option to purchase the Garfield Flats Project for \$300,000 US.

On June 7, 2019 the Company signed a definitive exploration agreement with option to form a joint venture on the Garfield Flats property with Smooth Rock Ventures Corp (“Smooth Rock”).

Smooth Rock can earn an undivided 50-per-cent interest in the Garfield Flats property by financing \$600,000 in exploration expenditures as follows:

- (a) for an initial 25-per-cent interest of the Garfield Flats project, \$300,000 in exploration expenditures within a one-year period,
- (b) for an additional 25-per-cent interest, \$300,000 in exploration expenditures on or before the second anniversary, and
- (c) upon earning an 50-per-cent interest, a 50/50 joint venture will be formed between Walker River and Smooth Rock.

Smooth Rock may accelerate any of the above earn-in periods at its option. Walker shall be the operator of the exploration during the earn-in period.

On June 14, Smooth Rock paid \$20,000 in accordance with the Walker River’s purchase agreement with Nevada Canyon.

2018 Exploration Program

In late 2018 the Company completed its initial geological compilation and review of the Garfield Flats Project. This included a review of the altered and mineralized zones discovered by previous geological compilations and mapping of the historical workings, including the planning of the 2019 exploration program. Phase I of the Garfield Flats exploration program will consist of reconnaissance prospecting, geological mapping, surface trenching, relocating historical workings and ground based geophysical surveys. This reconnaissance program will provide accurate modern data to assist in the planning of the phase II drill program. Phase I is set to begin in the spring of 2019, with phase II expected to begin following the compilation of the phase I results, later in 2019.

2019 Exploration Program

Phase I of the Garfield Flats 2019 exploration program will consist of reconnaissance prospecting, geological mapping, surface trenching, relocating historical workings and ground based geophysical surveys. This reconnaissance program will provide accurate modern data to assist in the planning of the phase II drill program. Phase I is set to begin in the spring of 2019, with phase II expected to begin following the compilation of the phase I results, later in 2019.

The Company and its JV partner, Smooth Rock Ventures Corp., completed a ground based geophysical surveying portion of the Phase 1 exploration program on the Garfield Flats Project. A total of 282 kilometers (175 miles) of ground based geophysical surveying, has been completed. The results of which will be compiled along with the results from the other components of the Phase I of the Garfield Flats exploration program that

consists of reconnaissance prospecting, geological mapping, surface trenching and relocation of historical workings on the property.

SELECTED ANNUAL INFORMATION

	For the year ended November 30,		
	2018	2017	2016
Revenue	–	–	–
Net Loss	(506,937)	(1,377,304)	(801,773)
Basic and Diluted Loss Per Share	(0.01)	(0.02)	(0.01)
Total Assets	4,879,416	4,656,025	1,074,262
Long-Term Debt	–	–	–
Dividends	–	–	–

OPERATIONS

Three and nine months ended August 31, 2019

During the three months ended August 31, 2019 and 2018 the Company reported a net loss of \$237,818 (2018 - \$92,803). Included in the determination of operating loss was, consulting fees of \$128,750, (2018 - \$60,000), management fees of \$37,000 (2018 - \$18,000) and office and miscellaneous of \$15,878 (2018 - \$5,552).

During the nine months ended August 31, 2019 and 2018 the Company reported a net loss of \$810,210 (2018 - \$343,197). Included in the determination of operating loss was share based compensation of \$88,579 (2018 - \$nil), consulting fees of \$391,260 (2018 - \$207,940), management fees of \$102,048 (2018 - \$46,000) and office and miscellaneous of \$58,603 (2018 - \$25,378). On February 5, 2019 1,000,000 stock options with a total value of \$88,579 were issued to consultants at an exercise price of \$0.11 per common share for a period of five years.

SUMMARY OF QUARTERLY RESULTS

	August 31, <u>2019</u>	May 31, <u>2019</u>	February 28, <u>2019</u>	November 30, <u>2018</u>
Revenue	–	–	–	–
Net loss	(237,818)	(247,821)	(324,571)	(173,313)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)

	August 31, <u>2018</u>	May 31, <u>2018</u>	February 28, <u>2018</u>	November 30, <u>2017</u>
Revenue	–	–	–	–
Net loss	(95,211)	(149,069)	(98,917)	(140,515)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)

On March 13, 2018 the Company issued 5,136,667 units at \$0.06 for gross proceeds of \$308,200. Each unit consisted of one share and one share purchase warrant exercisable until March 13, 2020 at \$0.10. The warrants contain an acceleration provision that, in the event the closing sale price of the Company's shares on the TSX Venture Exchange is \$0.25 or greater for a period of ten (10) consecutive trading days, then the warrant holders will have thirty (30) days to exercise their warrants; otherwise the warrants will expire on the 31st day. The company paid commissions of \$9,936 cash and issued 165,600 non-transferable finders' warrants, each entitling its holder to acquire one common share at \$0.10 until March 13, 2020.

On April 11, 2018 the Company issued 1,200,000 units at \$0.06 for gross proceeds of \$72,000. Each unit consisted of one share and one share purchase warrant exercisable until April 10, 2020 at \$0.10. The warrants contain an acceleration provision that, in the event the closing sale price of the Company's shares on the TSX Venture Exchange is \$0.25 or greater for a period of ten (10) consecutive trading days, then the warrant holders will have thirty (30) days to exercise their warrants; otherwise the warrants will expire on the 31st day.

On November 6, 2018 the Company issued 3,710,000 units at \$0.05 for gross proceeds of \$185,500. Each unit consisted of one share and one share purchase warrant exercisable until November 6, 2020 at \$0.10. The company paid commissions of \$4,760 cash and issued 95,200 non-transferable finders' warrants, each entitling its holder to acquire one common share at \$0.10 until November 6, 2020.

On December 20, 2018 the Company issued 10,290,000 units at \$0.05 for gross proceeds of \$514,500. Each unit consisted of one share and one share purchase warrant exercisable until December 20, 2020 at \$0.10. The company paid commissions of \$6,280 cash and issued 125,600 non-transferable finders' warrants, each entitling its holder to acquire one common share at \$0.10 until December 20, 2020.

On January 21, 2019, the Company issued 4,400,000 units in a private placement at a price of \$0.05 per unit for gross proceeds of \$220,000. Each unit consisted of one common share and one share purchase warrant. Each warrant is exercisable into one common share before January 21, 2021 at a price of \$0.10 per share.

On February 5, 2019, the Company granted 1,000,000 share purchase options to certain officers, directors, employees and consultants entitling the holder to purchase one common share for each option held at a price of \$0.11 per share for a period of 5 years from the date of the grant.

On May 31, 2019, 7,513,154 warrants were exercised for proceeds of \$898,578.

On March 4, 2019 400,000 warrants at \$0.12 per warrant were exercised for 400,000 shares. Proceeds of \$48,000 were received.

On April 1, 2019 the Company completed a private placement by issuing 4,545,455 units at a price of \$0.11 per unit for gross proceeds of \$500,000. Each Unit consisted of one common share (a "Share") and one Share purchase warrant (the "Warrant"), whereby each Warrant shall be exercisable into one Share for a period of two (2) years from closing at a price of \$0.15 per Share.

On April 1, 2019 2,257,142 warrants at \$0.12 per warrant were exercised for proceeds of \$270,857.

On May 1, 2019 900,000 warrants at \$0.10 per warrant were exercised for proceeds of \$90,000.

On August 29, 2019 200,000 warrants were exercised for 200,000 shares at \$0.15 per share for net proceeds of \$30,000. The shares were issued on September 9, 2019.

On September 9, 2019 300,000 warrants were exercised for 300,000 shares at \$0.15 per share for net proceeds of \$45,000.

On September 16, 2019 2,000,000 stock options were granted to certain officers, directors, consultants and employees of the company to purchase up to a total of 2,000,000 common shares of the company at a price of \$0.105 per common share for a period of five years. The stock options are subject to the terms of the company's stock option plan and approval of the TSX Venture Exchange.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash and cash equivalents at August 31, 2019 were \$983,715 compared to \$65,636 at November 30, 2018.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

a) Related party transactions and balances

During the nine months ended August 31, 2019 and 2018 the following amounts were incurred or paid to officers and directors and/or their related companies:

- i) The Company incurred \$157,000 (2018: \$115,000) for deferred exploration expenses on the Lapon and Garfield Projects to a company controlled by a director of the Company.
- ii) The Company incurred \$15,000 (2018: \$nil) for deferred exploration expenses on the Lapon Project and \$5,500 (2018: \$nil) in advertising and promotion expenses to a company controlled by a director of the Company.
- iii) Amounts due to related parties includes a balance due to a company controlled by a director and officer of the Company for expenses is \$2,246 (November 30, 2018: \$nil). These amounts are unsecured, non-interest bearing, with no fixed terms of repayment.
- iv) Amounts due to related parties includes a balance due to a company controlled by a director and officer of the Company for expenses is \$10,661 (November 30, 2018: \$49,647). These amounts are unsecured, non-interest bearing, with no fixed terms of repayment.
- v) Amounts due to related parties includes a balance due to a director and officer of the Company for unpaid management fees and expenses of \$36,540 (November 30, 2018: \$29,551). These amounts are unsecured, non-interest bearing, with no fixed terms of repayment.
- vi) The Company incurred \$nil (2018: \$4,257) for consulting expenses to a director. Amounts due to related parties includes a balance due to a director of the Company for unpaid expenses of \$4,725 (November 30, 2018: \$4,725). These amounts are unsecured, non-interest bearing, with no fixed terms of repayment.
- vii) Amounts due to related parties includes a balance due to a director of the Company for unpaid expenses of \$4,858 (November 30, 2018: \$4,858). These amounts are unsecured, non-interest bearing, with no fixed terms of repayment.
- viii) The Company incurred \$8,737 (2018: \$nil) for deferred exploration expenses on the Lapon Project a director of the Company.

b) Key management compensation

Key management includes directors and key officers of the Company, including the President, CEO and CFO.

During the nine months ended August 31, 2019, the Company paid or accrued \$83,000 (2018: \$46,000) in management fees to a director and officer of the Company.

During the nine months ended August 31, 2019, the Company paid or accrued \$19,048 (2018: \$nil) in management fees to a director of the Company.

c) Share purchases

During the year ended November 30, 2018 a director of the Company purchased 300,000 units at \$0.06 per unit at a cost of \$18,000.

During the year ended November 30, 2018 a director of the Company purchased 620,000 units at \$0.06 per unit at a cost of \$31,000.

In the nine months ended August 31, 2019 a company controlled by a director of the Company purchased 180,000 units at \$0.05 per unit at a cost of \$9,000.

In the nine months ended August 31, 2019 a director of the Company purchased 400,000 units at \$0.05 per unit at a cost of \$20,000.

COMMITMENTS

In relation to the flow-through private placements completed during the years ended November 30, 2013 and 2014, the Company was committed to incur and renounce \$613,500 in Canadian exploration expenditures by December 31, 2014. The Company was unable to incur \$520,116 of these expenditures. The flow-through share premium liability of \$139,059 represents the premium paid by investors on the portion of the required expenditures not incurred.

The Company agreed to indemnify the flow-through shareholders for certain costs they incurred as a result of not meeting its obligation to spend the flow-through share proceeds on qualifying Canadian exploration expenditures in compliance with the applicable tax rules and pursuant to the share subscription agreement entered into. As at August 31, 2019 the Company has included a provision for the indemnification of flow-through shareholders of \$331,538 (November 30, 2018: \$331,538) in accounts payable. During the nine months ended August 31, 2019, the Company recorded interest in the amount of \$nil (2018: \$2,349) related to the flow-through shares described above.

APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

The following new standards, amendments and interpretations have not been early adopted in these consolidated financial statements and are not expected to have a material effect on the Company's future results and financial position:

Accounting standards effective for annual periods beginning on or after January 1, 2018

IFRS 16 – Leases

IFRS 16 specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 Leases. IFRS 16 is effective for years beginning after January 1, 2019. The Company does not anticipate the adoption of this standard to have a significant impact on the Company's consolidated financial statements.

CRITICAL ACCOUNTING POLICIES

Stock-based Compensation

The Company has a stock option plan, which is described in to the consolidated financial statements. The Company applies the fair value method to all stock-based payments and to all grants that are direct awards of stock that call for settlement in cash or other assets. Compensation expense is recognized over the applicable vesting period with a corresponding increase in contributed surplus. When the options are exercised, share capital is credited for the consideration received and the related contributed surplus is decreased. The Company uses the Black Scholes option pricing model to estimate the fair value of stock based compensation.

Financial Instruments

Financial assets are classified into one of four categories:

- Fair value through profit or loss;
- Held-to-maturity;
- Available for sale and;

- Loans and receivables

The classification is determined at initial recognition and depends on the nature and purpose of the financial asset.

Financial assets at fair value through profit or loss (“FVTPL”)

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at FVTPL if

- It has been acquired principally for the purpose of selling in the near future;
- It is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking or;
- It is a derivative that is not designated and effective as a hedging instrument.

The Company’s cash is classified as FVTPL assets.

Held-to-maturity (“HTM”)

HTM investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as HTM investments.

Available-for-sale financial assets (“AFS”)

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (i) loans and receivables, (ii) held-to-maturity investments or (iii) financial assets as at FVTPL. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on AFS monetary items, are recognized in other comprehensive income or loss. When an investment is derecognized, the cumulative gain or loss in the investment revaluation reserve is transferred to profit or loss. The Company does not have any assets classified as AFS.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less and impairment losses.

Derecognition of financial assets

A financial asset is derecognized when:

- The contractual right to the asset’s cash flows expire; or
- If the Company transfer the financial assets and substantially all risks and rewards of ownership to another entity.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- Significant financial difficulty of the issuer or counterparty;
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets is directly reduced by the impairment loss. With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

SHARE CAPITAL

Issued

The company had 137,929,866 common shares issued and outstanding as at August 31, 2019 and 138,429,866 common shares at the date of this MD&A.

Share Purchase Options

The Company has 10,000,000 stock options outstanding at August 31, 2019 and 12,000,000 at the date of this MD&A.

Warrants

The Company had 44,788,522 share purchase warrants outstanding at August 31, 2019 and 44,768,522 at the date of this MD&A.

Escrow Shares

The Company has Nil shares held in escrow as at August 31, 2019 and as at the date of this MD&A.