

**DOUBLEVIEW GOLD CORP. (formerly “Doubleview Capital Corp.”)  
FORM 51-102F1  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED FEBRUARY 29, 2020**

*The following discussion and analysis should be read in conjunction with the audited financial statements of Doubleview Gold Corp. (formerly “Doubleview Capital Corp.” (the “Company”)) for the year ended February 29, 2020 and the related notes thereto. The Company’s financial statements have been prepared in accordance with International Financial Reporting Standards. All amounts are stated in Canadian dollars unless otherwise noted.*

**Date**

This Management Discussion and Analysis is dated June 29, 2020 and is in respect of the year ended February 29, 2020.

**Forward-Looking Statements**

This Management Discussion and Analysis contains “forward-looking statements” which may include, but are not limited to, statements with respect to the future financial or operating performance of the Company. Often, but not always, forward-looking statements 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; the actual results of current exploration activities; changes in project parameters as plans continue to be refined; changes in labour costs; future mineral prices; 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 development or construction activities. See “Risk Factors”.

Forward looking information is based on a number of material factors and assumptions, including the determination of mineral reserves or resources, if any, 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 above.

The Company intends to discuss in its quarterly and annual reports 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 Management Discussion and Analysis. New factors emerge from time to time, and it is not possible for management to predict all of 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 statement.

## **Qualified Person**

Erik A. Ostensoe, P. Geo, is the Company's Qualified Person as defined by National Instrument 43-101 - *Standards of Disclosure for Mineral Projects*, and has reviewed and approved all technical information in this Management Discussion and Analysis. Mr. Ostensoe is not independent as he is a shareholder of the Company and an Optionor of the Company's Red Spring Property.

## **Company Overview**

Doubleview Capital Corp. (the "Company") was incorporated in British Columbia on January 18, 2008 and changed its name to Doubleview Gold Corp. on May 8, 2020.

The Company is engaged in the acquisition, exploration and development of mineral resource properties located in British Columbia. The Company holds a 100% interest in the Hat Property and the Mount Milligan North Property as well as a 90% interest in the Red Springs Project. See "Overall Performance".

To date, the Company has not been able to identify a known body of commercial grade minerals on any of its mineral properties. The ability of the Company to realize the costs it has incurred to date on these properties is dependent on the Company being able to identify a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the mineral properties.

## **Overall Performance**

During year ended February 29, 2020, the Company generated no revenue and had a net loss of \$398,169 compared with a net loss of \$884,421 during the year ended February 28, 2019.

### Hat Property

#### *Option Agreement*

On August 29, 2011, the Company entered into an option agreement, as amended November 12, 2015, (the "Hat Option Agreement") with Thomas E. Lisle and Erik Ostensoe (collectively, the "Optionors") whereby the Company acquired a 100% interest in the Hat Property. The Hat Property consists of nine mineral claims totaling 3,561.43 hectares and is 50 kilometers northwest of Telegraph Creek, British Columbia. The property was acquired by cash payments totaling \$250,000, issuance of 1,000,000 shares and incurring \$1,000,000 in exploration expenditures. The Optionors retain a 2% Net Smelter Royalty on the property. The Company has the right to purchase 1% of the Net Smelter Royalty on or before the sixth anniversary of the Agreement upon payment of an aggregate of \$1,500,000 to the Optionors.

During the year ended February 28, 2017, the Company satisfied the option agreement requirements and now owns 100% of the Hat Property.

#### *2016 Work Program*

In September 2016, the Company commenced a program of camp construction and diamond drilling that continued until December 9, 2016 when work ceased due to the onset of severe winter conditions. Five holes with total length 1960.84 metres were drilled. Drill hole H-026 intersected 514.41 m with 0.14 g/tonne gold, 0.19% copper and 0.43 g/tonne silver, including 261.13 m with 0.16 g/tonne gold, 0.24% copper and 0.31 g/tonne silver. Drill hole H-027 intersected 415.75 m with 0.19 g/tonne gold, 0.19% copper and 0.29 g/tonne silver, including 226.68 m with 0.26 g/tonne gold, 0.27% copper and 0.19 g/tonne silver. Drill hole H-028 intersected 305.5 m with 0.11 g/tonne gold, 0.16% copper and 0.68 g/tonne silver, including 106.85 m with 0.20 g/tonne gold, 0.21% copper and 0.66 g/tonne silver. Drill hole H-029 did not intersect the mineral zone and drill hole H-030 was suspended at shallow depth and did not enter the mineral zone.

### *Option Agreement*

On June 15, 2018, the Company entered into a definitive Option Agreement with Hudbay Minerals Inc (“Hudbay”). Under the terms of the Option Agreement, Hudbay will be the operator and has the right to earn up to a 65% interest in the Hat Property on the following terms:

Hudbay may earn an initial 51% interest in the Hat Property (the “First Option”): by incurring a total of \$25,000,000 in exploration expenditures as follows:

- (i) \$2,000,000 in exploration expenditures by the first anniversary date,
- (ii) an additional \$5,000,000 in exploration expenditures by the second anniversary date,
- (iii) an additional \$7,000,000 in exploration expenditures by the third anniversary date, and
- (iv) an additional \$11,000,000 in exploration expenditures by the fourth anniversary date.

Hudbay must also deliver a resource estimate by the fourth anniversary date to exercise the First Option.

Hudbay may earn an additional 4% interest (cumulative 55% interest) in the Hat Property (the “Second Option”) by:

- (i) incurring a total of \$15,000,000 in exploration expenditures by the seventh anniversary date;
- (ii) completing pre-feasibility study by the seventh anniversary date; and
- (iii) paying \$1,000,000 in cash to the Company by the seventh anniversary date.

Hudbay may earn an additional 10% interest (cumulative 65% interest) in the Hat Property by completing a feasibility study by the tenth anniversary date (the “Third Option”). Under the terms of the Option Agreement, Hudbay may, on a one-time basis, elect to defer one year of exploration expenditures to a later date without extending the length of the agreement or the timeline for earning an interest in the Hat Property.

Upon exercise of the First Option, the Second Option or the Third Option, Hudbay may elect to form a joint venture with the Company in respect of the Hat Property. If Hudbay elects not to proceed with the Second Option, The Company has the right to purchase a 2% interest from Hudbay for \$500,000, which would result in the Company holding a 51% interest in the project and becoming the operator.

On September 25, 2018, the definitive Option Agreement was amended to allow the Company to incur \$200,000 in expenditures on the Property on or before December 31, 2018.

On July 28, 2019, the Company announced that the Option Agreement between Hudbay and Doubleview was terminated. As a result, the Company plans to resume its own exploration on the Hat Copper-Gold Porphyry Property.

### *2018 Work Program*

In July 2018, Hudbay commenced a field program of line cutting for systematic geochemical soil sampling and a 3D deep IP survey, geological re-logging and spectral analysis of Doubleview’s core, selected re-sampling of core and archaeological assessment. During this time, Hudbay upgraded the camp. The program finished in October 2018. The IP survey identified two >1.2km long vertical and several satellite high chargeability targets.

### *2019 Work Program*

In October 2019, Doubleview Capital Corp. commenced a drill program at the Hat property. H026 was re-entered and drilled additional 390 m to a depth of 958.75 m and 4 new holes were drilled, cumulatively 2233 m. The successful drill program extended the Lisle Zone to approximately 920 m north - south and 650 m east - west. The extension of hole H026 confirmed the validity of the 3D IP and intersected 64.5 m of 0.25 Cu Eq (0.13% Cu and 0.27 g/t Au). Drill hole H031 was drilled to a depth of 741m and returned 691.9 m of 0.34 Cu Eq (0.16% Cu and 0.11 g/t Au). Drill hole 032 was abandoned at 111m due to technical difficulties. It returned 27.7 m of 0.32 Cu Eq (0.11% Cu and 0.1 g/t Au). Hole H033 was drilled to a depth of 289.5 m, also abandoned due to technical difficulties. It returned 204.9 m of 0.35 Cu Eq (0.14% Cu and 0.14 g/t Au). Drill hole H034 was mineralized from the top of the bedrock until the end at 701.25 m, with 692.3 m of 0.52 Cu Eq (0.25% Cu and 0.17 g/t Au). The drill program ended in December 2019.

## Red Springs Project

On August 8, 2013, the Company entered into an option agreement to earn a 90% interest in the Red Spring Copper-Silver-Gold Property from Farshad Shirvani (President and CEO) (90%) and Erik Ostensoe, P.Geo. (10%) (the "Vendors").

The Red Spring Copper-Silver-Gold Property comprises 2 mineral tenures with area 215.75 hectares and is located 160 km north of Smithers, in the Omineca Mining District of British Columbia. The option agreement terms and commitments are:

- (a) 50,000 shares of the Company on Exchange approval, cash payment of \$7,000 to Vendors and conduct \$100,000 work program on the property before the first anniversary of the agreement,
- (b) 100,000 shares of the Company on the first anniversary of signing, and \$15,000 in cash payment to Vendors and conduct an additional \$100,000 work program on the property before the second anniversary of the agreement,
- (c) 150,000 shares of the Company on the second anniversary of signing, and \$25,000 in cash payment to Vendors and conduct an additional \$100,000 work program on the property before the third anniversary of the agreement,
- (d) 200,000 shares of the Company on the third anniversary of signing, and \$35,000 in cash payment to Vendors and conduct an additional \$100,000 work program on the property before the fourth anniversary of the agreement,
- (e) 300,000 shares of the Company on the fourth anniversary of signing, and \$45,000 in cash payment to Vendors and conduct an additional \$250,000 work program on the property before the fifth anniversary of the agreement.

Vendors will retain a 2.5% Net Smelter Royalty ("NSR") on the Red Spring Copper-Silver-Gold property of which the Company can purchase 50% for \$1,500,000.

The Company met the terms of the option agreement by issuing shares in lieu of payment, in January 2019. During the year ending February 28, 2019, the Company added 4 additional claims to the Red Spring property for a total of 6 claims of 4,224.43 ha.

On January 28, 2019, the Company entered into an Option Agreement with 1169787 BC Ltd. (later changed its name to Mucho Cobre Resources Inc.). The Option Agreement terms and commitments are:

The Optionee will acquire a 60% interest on the Company's 90% owned Red Spring upon:

- (a) the Optionee paying an aggregate of \$500,000 to the Company as follows:
  - (i) \$15,000 on or before the first anniversary of the date of this Agreement;
  - (ii) \$25,000 on or before the second anniversary of the date of this Agreement;
  - (iii) \$60,000 on or before the third anniversary of the date of this Agreement;
  - (iv) \$125,000 on or before the fourth anniversary of the date of this Agreement; and
  - (v) \$275,000 on or before the fifth anniversary of the date of this Agreement.
- (b) the Optionee issuing an aggregate 2,000,000 common shares (the "**Shares**") to the Company as follows:
  - (i) 250,000 Shares on the date of this Agreement;
  - (ii) 250,000 Shares on or before the first anniversary of the date of this Agreement;
  - (iii) 250,000 Shares on or before the second anniversary of the date of this Agreement;

- (iv) 500,000 Shares on or before the third anniversary of the date of this Agreement; and
  - (v) 750,000 Shares on or before the fourth anniversary of the date of this Agreement.
- (c) the Optionee incurring aggregate Exploration Expenditures of \$4,000,000 on the Red Spring as follows:
- (i) \$150,000 of Exploration Expenditures on or before the first anniversary of this Agreement;
  - (ii) an additional \$350,000 of Exploration Expenditures on or before the second anniversary of this Agreement;
  - (iii) an additional \$1,000,000 of Exploration Expenditures on or before the third anniversary of this Agreement;
  - (iv) an additional \$1,000,000 of Exploration Expenditures on or before the fourth anniversary of this Agreement;
  - (v) an additional \$1,500,000 of Exploration Expenditures on or before the fifth anniversary of this Agreement.

Doubleview will retain a 0.5% Net Smelter Royalty upon commencement of Commercial Production, of which 0.5% of the Net Smelter Royalty may be purchased for \$600,000.

The Red Spring property was discovered in 1972 and was then explored by technical surveys and a small number of shallow drill holes. Doubleview's geological consultant completed an initial property evaluation in 2013 and applied for and received an Exploration Permit, subject to various conditions, including a reclamation bond. The Company did not activate the Permit which has now lapsed. A Doubleview field crew in late 2016 completed a soil geochemical sampling program of 293 soil samples that included an area of historic work, including drilling, where drill holes intercepted from 12 to 50 metres of copper and silver mineralization. The 2016 work revealed a previously unrecognized area with elevated levels of zinc and silver values in soils situated south of the area of copper mineralization. The significance of the zinc-silver anomalous soil analyses has not been determined and the Company is planning further work, possibly including drilling in both the copper-silver and zinc-silver areas.

#### 2019 Red Spring Work Program

The Optionee Mucho Cobre Resources Ltd., conducted an airborne VTEM and Magnetic Geophysical Survey in early 2019. This airborne survey was followed up with a geochemical soil and rock sampling program in September 2019. Samples have yet to be analysed.

#### 2019 Share Issuances

In September 2019, the Company issued 3,000,000 flow-through units at a price of \$0.15 per unit for total proceeds of \$ 450,000. Each unit is comprised of one common share of the Company and one common share purchase warrant (a "Warrant"), with each Warrant entitling the holder to purchase one additional common share at \$0.15 per share for a period of 2 years from the date of the issue.

In December 2019, the Company issued 1,460,000 non flow-through units at a price of \$0.10 per unit for total proceeds of \$ 146,000. Each unit is comprised of one common share of the Company and one common share purchase warrant (a "Warrant"), with each Warrant entitling the holder to purchase one additional common share at \$0.15 per share for a period of 2 years from the date of the issue.

The Company may pay a finder's fee on the financing. Closing of the financing is subject to approval of the TSX Venture Exchange. Proceeds of the financing will be used for the Hat Copper-Gold Porphyry Project.

The Company issued a further 860,000 common shares in March 2019 and May 2019 for the exercise of stock options generating gross proceeds of \$89,400.

## Selected Financial Information

|                                       | Year Ended<br>February 29, 2020<br>(\$) | Year Ended<br>February 28, 2019<br>(\$) | Year Ended<br>February 28, 2018<br>(\$) |
|---------------------------------------|---|---|---|
| Total Revenue.....                    | -                                       | -                                       | -                                       |
| Operating Expenses .....              | 550,905                                 | 979,624                                 | 466,638                                 |
| Net Loss.....                         | 398,169                                 | 884,421                                 | 365,244                                 |
| Basic and Diluted Loss Per Share..... | 0.00                                    | 0.01                                    | 0.00                                    |

|                           | As at<br>February 29, 2020<br>(\$) | As at<br>February 28, 2019<br>(\$) | As at<br>February 28, 2018<br>(\$) |
|---------------------------|------------------------------------|------------------------------------|------------------------------------|
| <b>Balance Sheet Data</b> |                                    |                                    |                                    |
| Total Assets .....        | 6,049,940                          | 5,275,872                          | 5,475,780                          |
| Total Liabilities .....   | (558,776)                          | (239,716)                          | (377,929)                          |
| Total Equity .....        | 5,491,164                          | 5,036,156                          | 5,097,851                          |

## Discussion of Operations

During the year ended February 29, 2020 the Company generated no revenue and had a net loss of \$398,169 or \$0.00 per share compared with a net loss of \$884,421 and \$0.01 per share during the year ended February 28, 2019.

Professional fees decreased from \$48,208 during fiscal 2019 to \$37,144 during the year ended February 29, 2020. The Company incurred \$28,270 (2019 – \$38,235) in transfer agent and filing fees during the year ended February 28, 2019. Transfer agent and filing fees relate to monthly fees incurred to the Company's transfer agent and filing fees payable to the Exchange.

Office and administrative expenses increased to \$12,109 during the year ended February 29, 2020 from \$7,801 during the year ended February 28, 2019.

In fiscal 2020, the Company incurred a stock based compensation expense of \$285,196 compared to \$629,476 in fiscal 2019. Investor relations decreased from \$81,209 during the year ended February 28, 2019 to \$22,066 in the year ended February 29, 2020.

The Company also incurred management fees of \$120,000 and rent of \$18,000 during the year ended February 29, 2020 compared to \$120,000 and \$18,000, respectively, during the year ended February 28, 2019. See "Transactions between Related Parties".

The current year's operating loss was reduced by the recovery of the flow through share premium liability of \$152,736 (2018-\$102,383).

## Summary of Quarterly Results

A summary of quarterly results for the past eight quarters is set forth below. All amounts are prepared in accordance with International Financial Reporting Standards and are expressed in Canadian dollars.

|                   | 29-Feb-20<br>(\$) | 30-Nov-19<br>(\$) | 31-Aug-19<br>(\$) | 31-May-19<br>(\$) | 28-Feb-19<br>(\$) | 30-Nov-18<br>(\$) | 31-Aug-18<br>(\$) | 31-May-18<br>(\$) |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Total Revenues    | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 |
| Expenses          | (208,855)         | (51,823)          | (59,802)          | (230,425)         | (84,451)          | (465,420)         | (112,295)         | (317,458)         |
| Loss for Period   | (173,841)         | 65,899            | (59,802)          | (230,425)         | (10,752)          | (465,420)         | (112,295)         | (317,458)         |
| Total Assets      | 6,049,940         | 5,706,241         | 5,254,217         | 5,297,352         | 5,275,872         | 5,445,896         | 5,385,240         | 5,366,591         |
| Total Liabilities | (558,776)         | (259,992)         | (238,867)         | (222,199)         | (239,716)         | (509,242)         | (418,787)         | (339,843)         |
| Total Equity      | 5,491,164         | 5,446,249         | 5,015,350         | 5,075,153         | 5,036,156         | 4,936,654         | 4,966,453         | 5,026,748         |

## Fourth Quarter Results

During the quarter ended February 29, 2020, the Company generated no revenue and had a net loss of \$173,840 compared with a net loss of \$10,752 during the quarter ended February 28, 2019.

Professional fees increased from \$22,612 during the quarter ended February 28, 2019 to \$25,085 during the quarter ended February 29, 2020. Professional fees relate to legal and accounting costs incurred in connection with the Hat Property, and meeting ongoing reporting requirements.

The Company also incurred \$12,136 (2019 – \$8,852) in transfer agent and filing fees during the quarter ended February 29, 2020. Investor relations increased from \$8,721 during the quarter ended February 28, 2019 to \$17,472 in the quarter ended February 29, 2020.

The Company also incurred management fees of \$30,000 (2019 – \$30,000), rent of \$4,500 (2019 – \$4,500) and consulting fees of \$8,700 (2019 – \$1,500) during the quarter ended February 29, 2020. See “Transactions between Related Parties”.

## Liquidity and Capital Resources

As at February 29, 2020, the Company had cash and cash equivalents of \$459,154 and a working capital of \$69,662 compared with cash and cash equivalents of \$54,928 and working capital deficiency of \$162,339 as at February 28, 2019.

## Off Balance Sheet Arrangements

The Company has not engaged in off-balance sheet arrangements.

## Transactions between Related Parties

Details of the transactions between the Company and other related parties are disclosed below:

- Incurred director’s fees of \$120,000 (2019 - \$120,000) to Terracad Geoscience Services Ltd., a company controlled by the CEO, President and director of the Company;
- Incurred rent of \$18,000 (2019 - \$18,000) to Terracad Geoscience Services Ltd.;
- Incurred administrative expenses of \$ 4,193 (2019 - 1,435) to Terracad Geoscience Services Ltd.; and
- Incurred consulting fees of \$4,500 (2019 - \$8,000) to Cherry Consulting, a company controlled by the CFO of the Company

These transactions were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

At February 29, 2020, recorded in amounts receivable is \$114,806 (February 28, 2019 - recorded in accounts payable and accrued liabilities is \$126,198) due to Terracad Geoscience Services Ltd, a company controlled by the CEO of the Company. This amount is non-interest bearing, unsecured and has no fixed terms of repayment.

At February 29, 2020, recorded in accounts payable and accrued liabilities is \$9,039 (February 28, 2019 \$10,000) due to the Farshad Shirvani, CEO, President and director of the Company.

As February 29, 2020, recorded in accounts payable is \$Nil (February 28, 2019 - \$3,150) to a company controlled by the Chris Cherry, CFO of the Company.

At February 29, 2020, recorded in amounts receivable is \$15,206 (February 28, 2019 - \$2,865) due from companies controlled by the officers and directors of the Company.

Effective April 1, 2013, the Company approved an employment agreement, whereby the Company is required to pay \$120,000 per annum to the CEO, President, and director of the Company. Pursuant to the agreement, the Company is required to pay a severance equal to two years of salary (\$240,000).

## **New standard adopted**

### **IFRS 16 Leases**

A finalized version of IFRS 16 Leases replaces IAS 17 Leases. The new standard includes most leases on the statements of financial position for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. The Company currently does not have any lease agreements in place, so there was no impact to the financial statements upon adoption of this standard on March 1, 2019.

## **Financial Instruments**

### **Fair value**

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – 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 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at February 29, 2020, the Company's financial instruments are comprised of cash, amounts receivable, accounts payable and due to related parties. The carrying value of amounts receivable, accounts payable and due to related parties approximate their fair values due to the relatively short periods to maturity of these financial instruments.

### **Risk management**

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

### **Credit risk**

Credit risk is the risk of potential loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is limited to the carrying amount on the statement of financial position and arises from the Company's cash and cash equivalents and amounts receivables.

The Company's cash and cash equivalents are held with a Canadian chartered bank, which are high-credit quality financial institutions. Receivables are primarily due from the Government of Canada and credit risk is assessed as low.

### Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at February 29, 2020 the Company had a cash balance of \$459,154 (February 28, 2019 - \$54,928) to settle current liabilities of \$491,797 (February 28, 2019 - \$239,716). Company does not have enough funds to cover the current financial liabilities and will be required to obtain additional financing. All the Company's financial liabilities have contractual maturities of 30 days or less are due on demand and are subject to normal trade terms. Liquidity risk is assessed as high.

### Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

#### (a) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has cash balances and interest-bearing debt at fixed rates. Interest rate risk is considered to be low.

#### (b) Foreign currency rate risk

While the Company is domiciled in Canada and its capital is raised in Canadian dollars, the Company is not exposed to any significant foreign exchange risk.

### Sensitivity analysis

The carrying value of cash, amounts receivable, accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturities of these financial instruments.

Based on management's knowledge of and experience in the financial markets, management does not believe that the Company's current financial instruments will be materially affected by credit risk, liquidity risk or market risk.

### Outstanding Share Data

As of the date of this Management Discussion and Analysis, the following securities are outstanding:

| <b>Type of Security</b>  | <b>Number of Shares or Underlying Shares</b> |
|--|--|
| Issued and Outstanding Common Shares                                   | 112,530,922                                  |
| Stock Options exercisable at \$0.10 to \$0.12 per Share <sup>(1)</sup> | 9,935,000                                    |
| Warrants exercisable at \$0.05 to \$0.15 per Share <sup>(2)</sup>      | 27,060,000                                   |
| <b>Fully Diluted Shares</b>  | <b>149,525,922</b>                           |

#### Notes:

- (1) Each option is exercisable into common shares as follows:
- (a) \$0.10 per share until August 13, 2020 in respect of 340,000 stock options;
  - (b) \$0.10 per share until April 29, 2021 in respect of 650,000 stock options;
  - (c) \$0.10 per share until April 12, 2023. in respect of 1,950,000 stock options;
  - (d) \$0.12 per share until September 5, 2023. in respect of 1,810,000 stock options;
  - (e) \$0.10 per share until November 14, 2023 in respect of 1,750,000 stock options;
  - (f) \$0.11 per share until May 28, 2024 in respect of 2,215,000 stock options
  - (g) \$0.10 per share until January 20, 2025 in respect of 1,100,000 stock options; and
  - (h) \$0.10 per share until January 24, 2024 in respect of 120,000 stock options

- (2) Each warrant is exercisable into common shares as follows:
- (a) \$0.10 per share until September 4, 2020 in respect of 1,000,000 share purchase warrants;
  - (b) \$0.05 per share until October 10, 2022 in respect of 11,600,000 share purchase warrants;
  - (c) \$0.08 per share until May 17, 2021 in respect of 10,000,000 share purchase warrants;
  - (d) \$0.15 per share until September 20, 2021 in respect of 3,000,000 share purchase warrants; and
  - (e) \$0.15 per share until December 30, 2021 in respect of 1,460,000 share purchase warrants.

## **Risk Factors**

The following discussion summarizes the principal risk factors that apply to the Company's business and that may have a material adverse effect on the Company's business, financial condition and results of operations, or the trading price of the common shares.

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. The primary risk factors affecting the Company are set forth below and the risks discussed below should not be considered as all inclusive.

### Limited Operating History

The Company has no properties producing positive cash flow and its ultimate success will depend on its ability to generate cash flow from producing properties in the future. The Company has not earned profits to date and there is no assurance that it will do so in the future. Significant capital investment will be required to achieve commercial production from the Company's existing projects. There is no assurance that the Company will be able to raise the required funds to continue these activities.

### No Production History

None of the Company's mineral properties are producing and the Company's ultimate success will depend on its operating ability to generate cash flow from producing properties in the future. The Company has not generated any revenue to date and there is no assurance that it will do so in the future.

The Company's business operations are at an early stage of development and its success will be largely dependent upon the outcome of the exploration programs that the Company proposes to undertake.

### Exploration, Mining and Operational Risks

The business of exploring for and mining minerals involves a high degree of risk. Few properties that are explored are ultimately developed into mines. At present, the Mount Milligan North Property and the Hat Property do not have a known mineral deposit and the proposed exploration programs are an exploratory search for such a deposit.

The Company's operations are subject to all the hazards and risks normally associated with the exploration, development and mining of minerals, any of which could result in risk to life, to property, or to the environment. The Company's operations may be subject to disruptions caused by unusual or unexpected formations, formation pressures, fires, power failures and labour disputes, flooding, explosions, cave-ins, landslides, the inability to obtain suitable or adequate equipment, machinery, labour or adverse weather conditions. The availability of insurance for such hazards and risks is extremely limited or uneconomical at this time.

In the event the Company is fortunate enough to discover a mineral deposit, the economics of commercial production depend on many factors, including the cost of operations, the size and quality of the mineral deposit, proximity to infrastructure, financing costs and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting minerals and environmental protection. The effects of these factors cannot be accurately predicted, but any combination of these factors could adversely affect the economics of commencement or continuation of commercial mineral production.

### Mining Claims

The Company's prospecting activities are dependent upon the grant of appropriate mineral tenures and regulatory comments which may be withdrawn or made subject to limitations. Mineral claims are renewable subject to certain expenditure requirements. Although the Company believes that it will obtain the necessary prospecting licenses

and permits, including but not limited to drill permits, there can be no assurance that they will be granted or as to the terms of any such grant. Furthermore, the Company is required to expend required amounts on its mineral claims in order to maintain them in good standing. If the Company is unable to expend these amounts, the Company may lose its title thereto on the expiry date(s) of its mineral claims. There is no assurance that, in the event of losing its title to a mineral claim, the Company will be able to register the mineral claim in its name without a third party registering its interest first.

### Land Claims

Aboriginal rights may be claimed on Crown properties or other types of tenure with respect to which mining rights have been conferred. The Company is not aware of any other aboriginal land claims having been asserted or any legal actions relating to native issues having been instituted with respect to any of the land which is covered by the Company's mineral properties.

The legal basis of a land claim is a matter of considerable legal complexity and the impact of a land claim settlement and self-government agreements cannot be predicted with certainty. In addition, no assurance can be given that a broad recognition of aboriginal rights by way of a negotiated settlement or judicial pronouncement would not have an adverse effect on the Company's activities. Such impact could be marked and, in certain circumstances, could delay or even prevent the Company's exploration or mining activities.

On July 7, 2015, the Company was drilling at the Hat Property when uninvited persons arrived via helicopter and caused a halt to the 2015 drilling program. As a result of the interruption, the Company has filed a Notice of Civil Claim in the Supreme Court of British Columbia to recover damages and obtain an injunction against the uninvited persons. Additionally, the Company brought an Application in the Supreme Court of British Columbia to obtain a pretrial injunction to prevent future interruption of the Company's drill program. On May 24, 2016, the Company was successful in obtaining an injunction to prevent further interruption of the Company's drill program from the Supreme Court of British Columbia (the "Order"). The Order restrains, Chad Norman Day, President of the Tahltan Central Government; Heather Hawkins, Vice President of the Tahltan Central Government; and certain other named First Nation Elders (collectively, the "Defendants"). In addition, the Order restrains any persons acting under the instruction of the Defendants or anyone with knowledge of the Order.

### Assurance of Title

The Company has taken all reasonable steps to attempt to ensure that proper title to its mineral properties has been obtained and that all grants of such rights thereunder, if any, have been registered with the appropriate public offices. Despite the due diligence conducted by the Company, there is no guarantee that title to such mineral claims will not be challenged or impugned. The Company's mineral property interests may be subject to prior unregistered agreements or transfers or aboriginal land claims and title may be affected by undetected defects.

### Competition

The Company competes with numerous other companies and individuals possessing greater financial resources and technical facilities than itself in the search for, and acquisition of, mineral claims, leases and other mineral interests, as well as the recruitment and retention of suitably qualified individuals.

### Personnel

The Company has a small management team and the loss of any key individual could affect the Company's business. Additionally, the Company will be required to secure other personnel to facilitate its exploration program its mineral claims. Any inability to secure and/or retain appropriate personnel may have a materially adverse impact on the business and operations of the Company.

### Volatility of Commodity Prices

The market prices of commodities, including copper and gold, are volatile and are affected by numerous factors which are beyond the Company's control. These factors include international supply and demand, consumer product demand, international economic trends, currency exchange rate fluctuations, interest rates, inflation, global or regional political events, as well as a range of other market forces. Sustained downward movements in

commodity prices, including copper or gold, could render less economic, or uneconomic, some or all of the exploration activities to be undertaken by the Company.

### Environmental Risks

Inherent with mining operations is an environmental risk. The legal framework governing this area is constantly developing, therefore the Company is unable to fully ascertain any future liability that may arise from the implementation of any new laws or regulations, although such laws and regulations are typically strict and may impose severe penalties (financial or otherwise). The proposed activities of the Company, as with any exploration, may have an environmental impact which may result in unbudgeted delays, damage, loss and other costs and obligations including, without limitation, rehabilitation and/or compensation. There is also a risk that the Company's operations and financial position may be adversely affected by the actions of environmental groups or any other group or person opposed in general to the Company's activities and, in particular, the proposed exploration and mining by the Company within the Province of British Columbia.

### Uninsured Risks

The Company, as a participant in exploration and mining programs, may become subject to liability for hazards such as unusual geological or unexpected operating conditions that cannot be insured against or against which it may elect not to be so insured because of high premium costs or other reasons. The Company is currently uninsured against all such risks as such insurance is either unavailable or uneconomic at this time. The Company also currently has no keyman insurance or property insurance as such insurance is uneconomical at this time. The Company will obtain such insurance once it is available and, in the opinion of the directors, economical to do so. The Company may incur a liability to third parties (in excess of any insurance cover) arising from pollution or other damage or injury.

### Health and Safety Risks

A violation of health and safety laws, or the failure to comply with the instructions of relevant health and safety authorities, could lead to, among other things, a temporary cessation of activities on the Company's mineral properties or any part thereof, a loss of the right to prospect for minerals, or the imposition of costly compliance procedures. This could have a material adverse effect on the Company's operations and/or financial condition.

### Additional Requirements for Capital

Substantial additional financing may be required if the Company is to be successful in pursuing its ultimate strategy. No assurances can be given that the Company will be able to raise the additional capital that it may require for its anticipated future operations. Commodity prices, environmental rehabilitation or restitution, revenues, taxes, transportation costs, capital expenditures, operating expenses, geological results and the political environment are all factors which will have an impact on the amount of additional capital that may be required. Any additional equity financing may be dilutive to investors and debt financing, if available, may involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company, if at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion, forfeit its interest in its mineral properties, incur financial penalties, or reduce or terminate its operations.

### **Further Information**

Additional Information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com).