



MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended

November 30, 2019

GENERAL

Wildsky Resources Inc. ("Wildsky" or the "Company") was incorporated in January 2006 under the laws of British Columbia, Canada. The Company's registered office is Suite 890 – 580 Hornby Street, Vancouver, British Columbia, Canada. China Minerals is listed on the TSX Venture Exchange under the trading symbol "WSK". The Company and its subsidiary are in the business of acquisition, exploration and development of mineral properties.

This Management's Discussion and Analysis ("MD&A") of the Company has been prepared based on available information up to the date of this report, February 27, 2020, and should be read in conjunction with the Company's audited consolidated financial statements and related notes for the year ended November 30, 2019, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("ISAB"). All monetary amounts are expressed in Canadian dollars unless stated otherwise.

The Company's shares are listed on the TSX Venture Exchange under the symbol "WSK". Additional information is available on SEDAR at www.sedar.com.

FORWARD-LOOKING STATEMENTS

Information and statements contained in this MD&A that are not historical facts are forward-looking information within the meaning of National Instrument 51-102 *Continuous Disclosure Obligations* of the Canadian Securities Administrators that involve risks and uncertainties.

This MD&A contains forward-looking statements, such as estimates and statements regarding the Company's goals and future plans, including words to the effect that the Company expects a stated result or event to occur. These forward-looking statements are subject to known or unknown risks and uncertainties, which could cause actual results or performance of the Company to differ materially from results implied by such forward-looking information. Factors that could cause the actual results to differ include commodity price fluctuations, market capital access, global economy and politics, government regulations, environmental restrictions, exploration results, mineral title disputes, limitation on insurance coverage and availability of consultants delivering timely services, as well as those factors discussed in the section entitled "Risks and Uncertainties" in this MD&A.

Although the Company has attempted to identify important factors that could affect the Company or may cause actual actions, events or results to differ, there may be other causing factors out of the Company's anticipation or estimation. Forward-looking statements contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results otherwise. Accordingly, readers are advised not to place undue reliance on forward-looking statements.

OVERVIEW

The Company and its wholly owned subsidiary, Cassiar Gold Corp. ("Cassiar Gold"), are engaged in the exploration and development of mineral properties. The Company's main asset is the Cassiar Gold Project comprising the Table Mountain Property ("Table Mountain") and Taurus Property ("Taurus").

Acquisition of niobium-tantalum and gold exploration licenses in Nigeria

Pursuant to a Letter of Intent dated October 2, 2019, the Company entered into a Share Purchase Agreement (the Agreement) with 1187395 BC Limited. (the "Vendor") on December 3, 2019.

The Vendor, a British Columbia corporation wholly-owned by Mr. Chaoyi Wang, legally and beneficially owns 9,900,000 common shares (the "Shares") of the 10,000,000 issued and outstanding common shares in the capital of Zijin Midas Nigeria Limited ("ZMNL"). Pursuant to the terms of the Agreement, the Company will purchase the Shares from the Vendor for cash consideration of US\$96,000.

ZMNL holds ten Exploration Licenses (the "EL's") in Nigeria, three of the EL's pertain to niobium-tantalum ("Nb-Ta") exploration (each being a "Nb-Ti EL"), and the remaining seven EL's are for gold and lead-zinc exploration (each being a "Au-Pb EL"). The ten EL's cover a total area of 742 km².

The EL's are subject to a call option (the "Slight Edge Option") in favour of Slight Edge HK Limited ("Slight Edge"). Slight Edge's Nigerian subsidiary assisted ZMNL through the application process which lead to the issuance of the EL's. According to a call-option deed entered into between ZMNL and Slight Edge, Slight Edge has an option permitting it to obtain up to a 30% interest in the seven Au-Pb EL's and a 20% interest in the three Nb-Ta EL's. Slight Edge may exercise its Slight Edge Option before February 8, 2021 by reimbursing ZMNL for its respective percentage of costs and expenses incurred by ZMNL with respect to the EL's.

In October and November 2019, the Company incurred \$113,924 on a field trip to Nigeria to investigate the project.

Convertible debentures

In May 2019, the Company closed a non-brokered, private placement of debentures (the "Debentures") of the Company at a price of \$1,000 per Debenture for gross proceeds of \$302,000. Each Debenture has the following terms and conditions attached:

- 1) Term: Twelve months from the date of issuance of the Debentures, subject to an option on the part of the holders thereof to extend the maturity to twenty-four months from the date of issuance of the Debentures.
- 2) Interest Rate: The Debentures shall bear a simple interest of 10% per annum, accrued monthly, and payable at maturity.
- 3) Security: The Debentures shall be unsecured.
- 4) Conversion: The Debenture holder may, at any time and from time to time up to maturity, elect to convert the outstanding Debentures and any interest accrued and unpaid thereon into common shares in the capital of the Company at a price of \$0.10 per share.

Option agreement with Margaux Resources Ltd. ("Margaux")

On March 25, 2019, the Company entered into an option agreement (the "Agreement") with Margaux Resources Ltd. ("Margaux"), a TSX-V listed junior exploration company. Pursuant to the terms of the Agreement, the Company will grant (the "Transaction") Margaux an option (the "Option") to acquire all of the common shares (the "Cassiar Shares") in the capital of the Company's wholly-owned subsidiary Cassiar Gold Corp. ("Cassiar") from the Company.

In order to exercise the Option, Margaux will issue 58,200,000 common shares (the "Payment Shares") in the capital of Margaux, undertake exploration on Cassiar's property and satisfy certain other conditions as follows:

- (a) Issue 5,820,000 Payment Shares (received, valued at \$465,600) being issued to the Company on receipt of final TSX-V approval of the Agreement, as fully paid and non-assessable securities;
- (b) Issue 11,640,000 Payment Shares (received, valued at \$931,200) being issued to the Company on the date that is the earlier of six months from (i) the date of the Agreement, and (ii) the receipt of final TSX-V approval of the Agreement;
- (c) Issue 17,460,000 Payment Shares to the Company on the date that is the earlier of twelve months from (i) the date of the Agreement, and (ii) the receipt of final TSX-V approval of the Agreement; and
- (d) Issue 23,280,000 Payment Shares to the Company on the date that is the earlier of eighteen months from (i) the date of the Agreement, and (ii) the receipt of final TSX-V approval of the Agreement.
- (e) Margaux will expend at least \$400,000 on the planning, development and execution of the Cassiar 2019 work program, based on a mutually approved budget;
- (f) Six months after execution of the Definitive Agreement, the Company will have the right to appoint one member to the board of directors of Margaux;
- (g) Twelve months after execution of the Definitive Agreements, the Company will have the right to appoint an additional person (for a total of two board members) to the board of directors of Margaux; and
- (h) Twelve months after execution of the Definitive Agreements, the Company will have the right to appoint one person to the senior management team of Margaux, on terms and conditions to be agreed upon by Margaux and Wildsky, acting reasonably.
- (i) The Company being granted a 30% net profit interest (the "NPI") on all minerals processed from Cassiar's TM #1 tailings pond (the "Tailings Pond") located on the Cassiar property, after capital payout of up to \$500,000. The Definitive Agreement shall include a schedule detailing the calculation of NPI.

If, at any time prior to the exercise of the Option or the termination of the Agreement, Margaux or its agent(s) remove material from the Tailings Pond for purposes other than bona fide exploration and testing purposes, and such material is processed for its minerals and/or metals, then the time periods set out above in paragraph's (b), (c) and (d) of shall be accelerated to seven (7) days from the date of first removal of such material.

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All Payment Shares issued to the Company in accordance with the Agreement shall be subject to a statutory hold period (the "Statutory Hold Period") of 4 months plus a contractual hold period of a further 8 months (for a total of 12 months from the date of issuance). If Acceleration occurs, then all Payment Shares issued to Wildsky, including any Payment Shares issued prior to Acceleration, shall only be subject to the Statutory Hold Period. For greater certainty, if any Payment Shares have been issued to Wildsky more than 4 months prior to the occurrence of Acceleration, then those Payment Shares shall immediately become "free-trading".

For greater certainty, Margaux will not acquire any interest whatsoever in the Cassiar Shares until such time as it has satisfied all the requirements of exercise of the Option as set out in the Agreement. If Margaux fails to fully comply with all such conditions of exercise within the stipulated time periods, the Option shall immediately terminate and Margaux shall forfeit all interest in any and all Payment Shares issued to the Company.

SELECTED ANNUAL INFORMATION

The following table provides a brief summary of the Company's financial operations. For more detailed information, refer to the Financial Statements.

	As at November 30,		
	2019	2018	2017
Current assets	\$ 1,933,771	\$ 214,315	\$ 39,735
Non-current assets	7,626,973	8,639,083	7,803,327
Total assets	9,560,744	8,853,398	7,843,062
Current liabilities	473,783	75,507	434,455
Non-current liabilities	2,809,783	2,283,225	1,700,021
Shareholders' equity	6,277,178	6,494,666	5,708,586
Total liabilities and shareholders' equity	9,560,744	8,853,398	7,843,062
Working capital (deficiency)	\$ 1,459,988	\$ 138,808	\$ (394,720)

	Year ended November 30,		
	2019	2018	2017
Revenue	\$ -	\$ -	\$ -
Expenses	717,922	848,163	456,954
Other (income) expenses	(345,580)	(3,507)	(46,647)
Loss and comprehensive loss for the year	\$ 372,342	\$ 844,656	\$ 410,307
Basic and diluted loss per share	\$ 0.03	\$ 0.06	\$ 0.05
Weighted average number of common shares outstanding	14,839,813	13,556,416	7,594,813

EXPLORATION AND EVALUATION ASSETS

Cassiar Gold Project, British Columbia

The Cassiar Gold Project is located in northern British Columbia. It comprises approximately 58,900 ha (including 217 mineral claims and 2 placer claims) of which the Company has 100% interest, which comprise the Table Mountain and Taurus Properties in the Liard Mining Division. The area is easily accessible by an all-weather road along Highway 37, which runs through the center of the Cassiar properties, and by subsidiary roads which allow easy access to many parts of the projects. The area also can be accessed via fixed-wing aircraft flights to the Cassiar airstrip which lies immediately to the west of the Taurus Property near the old Cassiar town site. The Company owns an accommodation facility on Highway 37 in Jade City, British Columbia located between Table Mountain and Taurus that can accommodate up to 40 people. An office and core logging facility are located to the southwest of the camp area.

Table Mountain Property

The Table Mountain Property is located south of Highway 37 within the southern portions of the Cassiar Gold Project and contains the Main (formerly Erickson), Bain, Cusac and Vollaug mines which are past producing underground high-grade gold mines. A permitted 270 tonne per day gravity/flotation mill, power plant, assay lab and tailings impoundment facility are located on the property, and were put under care and maintenance by previous owners in October 2007. Thirteen adits/portals, approximately 25 km of underground workings, and more than 23 km of surface access roads occur on the property.

Taurus Property

The Taurus Property is located north of Highway 37 within the northern portions of the Cassiar Gold Project. The Property contains the Taurus Gold Deposit ("Taurus Deposit"), a large gold system which has been the focus of recent exploration on the project. The Taurus Deposit is located approximately eight kilometres from the company's milling facility, and is located along the main access road to the former town of Cassiar. It lies low in the valley in an area of subdued topography, allowing year round exploration and ease of access.

OUTLOOK

The Company has no current funding for exploration of its mineral projects. Management is monitoring the economic conditions of the mining industry and continues discussions with investors in relation to the economic viability of extracting gold residues from the tailings pond of its formerly producing mine at Table Mountain property.

QUARTERLY INFORMATION

	Three month period ended November 30, 2019***	Three month period ended August 31, 2019**	Three month period ended May 31, 2019	Three month period ended February 28, 2019
Total assets	\$ 9,560,744	\$ 9,226,845	\$ 9,317,284	\$ 8,771,429
Working capital (deficiency)	1,459,988	(58,650)	(49,625)	30,655
Shareholders' equity	6,277,178	6,179,490	6,285,029	6,362,620
Net income (loss) and comprehensive income (loss)	97,688	(224,153)	(113,831)	(132,046)
Earning (loss) per share – basic and diluted	0.01	(0.02)	(0.01)	(0.01)

	Three month period ended November 30, 2018	Three month period ended August 31, 2018*	Three month period ended May 31, 2018	Three month period ended February 28, 2018
Total assets	\$ 8,853,398	\$ 9,209,612	\$ 9,214,697	\$ 8,798,517
Working capital (deficiency)	138,808	278,596	819,700	941,507
Shareholders' equity	6,494,666	7,808,398	6,879,696	7,025,203
Net loss and comprehensive loss	(165,791)	(409,703)*	(144,774)	(124,388)
Loss per share – basic and diluted	(0.01)	(0.03)	(0.01)	(0.01)

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* During the three months ended August 31, 2018, the Company recorded a stock-based compensation of \$189,731 on the grant of 950,000 stock options.

** During the three months ended August 31, 2019, the Company recorded a stock-based compensation of \$118,614 on the grant of 1,400,000 stock options.

***During the three months ended November 30, 2019, the Company recorded a gain of \$349,200 from fair value adjustment on investments.

REVIEW OF FINANCIAL RESULTS

Year ended November 30, 2019 and 2018

Net Loss

For the year ended November 30, 2019, the Company incurred net loss of \$372,342 as compared to \$844,656 for the fiscal year 2018. The losses were consisted of:

- Accretion of asset retirement obligation of \$58,732 (2018 - \$56,242) increased due to the change of estimation of the asset retirement obligation in May 2019;
- Accretion of interest of \$37,160 (2018 - \$Nil) is related to proceeds of \$302,000 from convertible debentures;
- Amortization expense of \$46,755 (2018 - \$58,346) is comparable;
- Filing and transfer agent fee of \$26,047 (2018 - \$39,522) mainly consisted of monthly transfer agent fes, TSX-V annual fee, filing fees paid to TSX-V on private placemet, convertible debentures and review of option agreement, and SEDAR filing fee;
- accrue of management fee of \$96,000 (2018 – \$96,000) to a company controlled by the CEO and President, and \$72,000 (2018 - \$72,000) to a company controlled by the CFO;
- Professional fees of \$50,184 (2018 - \$46,349) mainly consisted of legal fees in relation with private placement, convertible debentures, option agreement, and preparation of AGM ;
- Rent and office expenses of \$29,230 (2018 - \$19,652) increased due to higher payments made to Worksafe BC in the current nine month period for 2018 premium as there were more contractors hired in the summer of 2018;
- The Company recorded \$118,614 (2018 - \$189,731) of fair value on 1,400,000 (2018 - 950,000) of stock options granted during the period;
- Camp maintenance costs \$47,418 (2018 - \$223,218) was lower because Margaux is responsible for operating and maintenance costs of Cassiar Gold property since April 1, 2019 pursuant to the option agreement.
- The Company incurred \$126,642 in project investigation during the year ended November 30, 2019. Majority of the expenses are related to a field trip to Nigeria in relation to a project the Company acquired subsequent to the year end.
- The Company received 17,460,000 shares of Margaux pursuant to the Option Agreement. The fair value of the shares increased by \$349,200 as of November 30, 2019. A gain on fair value adjustment was recorded accordingly.

Three months ended November 30, 2019 and 2018

Net Income (Loss)

For the three months ended November 30, 2019, the Company had a net income of \$97,688 as compared to a loss of \$165,791 for the same period in 2018.

The net income is due to \$349,200 of increase in the fair value of 17,460,000 shares of Margaux the Company received in November 2019 pursuant to the Option Agreement.

Expenses

- Accretion of asset retirement obligation of \$12,461 (2018 - \$15,830) is related to the Table Mountain and Taurus Gold properties ;

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- Accretion of interest of \$18,122 (2018 - \$Nil) is related to proceeds of \$302,000 from convertible debentures;
- Amortization expense of \$11,69089 (2018 - \$11,634) is comparable;
- Filing and transfer agent fee of \$1,870 (2018 - \$11,556) was higher in the comparative three month period due to filings fee for appointment of new directors and transfer agent fee for the annual general shareholders' meeting held in October 2018;
- accrue of management fee of \$24,000 (2018 – \$24,000) to a company controlled by the CEO and President, and \$18,000 (2018 - \$18,000) to a company controlled by the CFO;
- Professional fees of \$32,454 (2018 - \$29,201) is comparable, mainly including the year end audit accrual;
- Camp maintenance costs \$8,204 (2018 - \$38,923) was lower because Margaux is responsible for operating and maintenance costs of Cassiar Gold property since April 1, 2019 pursuant to the option agreement.
- The Company incurred \$113,924 in project investigation (2018 - \$Nil) during the three month ended November 30, 2019. The expenses are related to a field trip to Nigeria in relation to a project the Company acquired subsequent to the year end.

LIQUIDITY, CAPITAL RESOURCES AND GOING CONCERN

The Company is in the exploration stage and no revenue has been generated to date. At November 30, 2019, the Company had cash of \$169,901 (2018 - \$176,915) and a working capital of \$1,459,988 (2018 – \$138,808).

In the past, operating capital and exploration requirements have been funded primarily from equity financing and the Company will need to arrange equity or other financing in the near future in order to continue in operation. While the Company has been successful in raising capital in the past, there can be no assurance that such financing will be available to the Company in the amount required or that it can be obtained on terms satisfactory to the Company. The Company's current financial situation indicates material uncertainties that cast significant doubt about the Company's ability to continue as a going concern.

Cash Flows

Under operating activities, the Company used \$345,397 in the year ended November 30, 2019, as compared with \$639,409 in the comparative year ended November 30, 2018. The decrease of cash used in operating activities is mainly because Marguax is responsible for operating and maintenance costs of Cassiar Gold property since April 1, 2019 pursuant to the option agreement.

During the year ended November 30, 2019, the Company received \$302,000 of proceeds from convertible debentures. During the comparative year ended November 30, 2018, the Company completed a non-brokered private placement, issuing 7,245,000 share units at \$0.20 per unit for total proceeds of \$1,449,000. Each unit consists of one common share and one share purchase warrant, each warrant entitling the holder to purchase one common share at \$0.30 per share for a period of two years. The Company then repaid a loan and interest totalling \$283,337 to a director of the Company.

In the investing activities, during the year ended November 30, 2019, the Company received \$62,423 of BC Mining Exploration Tax Credit, paid \$20,542 on exploration and evaluation assets, and purchased additional reclamation bonds of \$5,500. In the investing activities, during the comparative year ended November 30, 2018, the Company purchased a laptop at \$3,070 and spent \$95,217 on major improvement of the main kitchen camp. The Company also spent \$268,853 on exploration and evaluation expenditure including soil sampling and tailing pond drilling programs.

The Company has no long-term debt obligations other than asset retirement obligation.

SUBSEQUENT EVENTS

Pursuant to a Letter of Intent dated October 2, 2019, the Company entered into a Share Purchase Agreement (the Agreement) with 1187395 BC Limited. (the "Vendor") on December 3, 2019.

The Vendor, a British Columbia corporation wholly-owned by Mr. Chaoyi Wang, legally and beneficially owns 9,900,000 common shares (the "Shares") of the 10,000,000 issued and outstanding common shares in the capital of Zijin Midas Nigeria Limited ("ZMNL"). Pursuant to the terms of the Agreement, the Company will purchase the Shares from the Vendor for cash consideration of US\$96,000.

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ZMNL holds ten Exploration Licenses (the "EL's") in Nigeria, three of the EL's pertain to niobium-tantalum ("Nb-Ta") exploration (each being a "Nb-Ti EL"), and the remaining seven EL's are for gold and lead-zinc exploration (each being a "Au-Pb EL"). The ten EL's cover a total area of 742 km².

The EL's are subject to a call option (the "Slight Edge Option") in favour of Slight Edge HK Limited ("Slight Edge"). Slight Edge's Nigerian subsidiary assisted ZMNL through the application process which lead to the issuance of the EL's. According to a call-option deed entered into between ZMNL and Slight Edge, Slight Edge has an option permitting it to obtain up to a 30% interest in the seven Au-Pb EL's and a 20% interest in the three Nb-Ta EL's. Slight Edge may exercise its Slight Edge Option before February 8, 2021 by reimbursing ZMNL for its respective percentage of costs and expenses incurred by ZMNL with respect to the EL's.

OUTSTANDING SHARE DATA

The following table summarizes the Company's outstanding share data as of the date of this MD&A:

	Number of securities
Common shares	14,839,813
Stock options	1,400,000
Warrants	-

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties during the year ended November 30, 2019:

a) The Company paid or accrued \$96,000 (2018 -\$96,000) to a company controlled by the CEO and President. As of November 30, 2019, \$36,400 (2018 - \$22,000) payable to the company controlled by the CEO and President was included in accounts payable and accrued liabilities.

On May 21, 2019, the company controlled by the CEO and President subscribed for 42 units of the Company's convertible debenture for a principal of \$42,000. The related accretion and interest expense are \$5,168 (2018 - \$nil).

b) The Company paid or accrued \$72,000 (2018 -\$72,000) to a company controlled by the CFO. As of November 30, 2019, \$30,300 (2018 - \$12,000) payable to the company controlled by the CFO was included in accounts payable and accrued liabilities.

On May 21, 2019, the CFO subscribed for 10 units of the Company's convertible debenture for a principal of \$10,000. The related accretion and interest expense are \$1,230 (2018 - \$nil).

c) The Company paid or accrued \$6,000 (2018 -\$6,000) to the company. As of November 30, 2019, the Company prepaid \$525 for December rent. At November 30, 2018, \$4,200 was payable to the company.

d) During the year ended November 30, 2019, 1,300,000 (2018 - 850,000) stock options were granted to directors and officers having a fair value on issuance of \$110,142 (2018 - \$169,759).

e) During the year ended November 30, 2018, the Company accrued \$730 in interest to a director on a US\$200,000 loan, the principal and accrued interest of which, totalling \$283,337, was fully repaid in December 2017.

Accounts payable to related parties do not bear interest, are unsecured and repayable on demand.

FINANCIAL INSTRUMENTS AND RELATED RISKS

The Company's accounts payable and accrued liabilities, due to related parties, and convertible debentures are measured at amortized cost. Its financial assets, GST receivable and reclamation bonds, are also measured at amortized cost. The Company's carrying values of these items approximate their fair value due to the relatively short periods to maturity of the instruments.

Financial risk management

The Company's objective in risk management is to maintain its ability to continue as a going concern. It is exposed to the following risks:

Liquidity risk

Liquidity risk is the risk that the Company might not be able to meet its obligations and commitments as they come due. As at November 30, 2019, the Company had cash of \$169,901 (2018 - \$176,915) and a working capital of \$1,459,988 (2018 - \$138,808).

Credit risk

Credit risk arises from cash held with financial institutions as well as credit exposure on outstanding receivables.

The Company's cash is held at high-credit rating financial institutions. The Company's maximum exposure to credit risk is the carrying amounts of cash and receivables on its consolidated statement of financial position.

Market risk

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

i. Interest rate risk

Interest rate risk arises from changes in market rates of interest that could adversely affect the Company. The Company's convertible debentures bear interest at 10% per annum. The Company's exposure to interest rate risk is insignificant.

ii. Foreign currency risk

Foreign currency risk arises from fluctuations in foreign currencies versus the Canadian dollar that could adversely affect reported balances and transactions denominated in those currencies. The Company currently has no significant assets or liabilities and has no revenue or expenses denominated in a foreign currency, so it is not exposed to foreign currency risk.

iii. Equity price risk

Equity price risk arises from market fluctuations in equity prices that could adversely affect the Company's operations. The Company's current exposure to equity price risk is limited to declines in the values and volumes including those of its own shares, which could impede its ability to raise additional funds when required.

SIGNICANT ACCOUNTING POLICIES, CRITICAL JUDGEMENTS AND ESTIMATES

All of the Company's significant accounting policies and estimates are included in Note 2 of its audited consolidated financial statements for the year ended November 30, 2019.

Certain new accounting standards and interpretations have been published that are not mandatory for the November 30, 2019 reporting period. Those new standards have been assessed, but are not expected to have any impact on the Company's financial statements.

New, amended and future accounting pronouncements

Standards and amendments issued but not yet effective for the year ended November 30, 2019, are as follows:

IFRS 16, *Leases*, addresses accounting for leases and lease obligations and replaces the leasing guidance in IAS 17, *Leases*. The guidance requires 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. The guidance is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. The Company does not expect any impact on its financial statements from this new standard.

RISKS AND UNCERTAINTIES

Due to nature of the Company's business in mineral exploration and development, it is subject to various risks and uncertainties associated with the mining and extraction industry. If any of the following risks occur, the Company's going concern, operating results and financial position could be adversely impacted.

Exploration Risk

Mineral exploration activities are inherently risky. Few properties that are explored are eventually developed into producing mines. Exploration activities on the Company's Cassiar mineral properties have not yet resulted in discoveries of commercial mineralization to take the Company to the producing stage. If there are no further discoveries of mineral reserves, the Company may be forced to look for other exploration projects and abandon the existing properties.

Mineral Resources

The mineral resource figures disclosed in the MD&A are estimates only and the Company cannot be certain that specific quantities of gold or other minerals will be realized. These estimates are subject to the assumptions and judgments used in the geological interpretations. Any material changes in the mineralization, grade, metal prices and market conditions could have a serious adverse effect on the economic viabilities of the Company. Until the estimated deposits are mined and processed, the mineral resources and its grades remain estimates only.

Commodity Prices

The Company's future viability depends largely on the movement of the price of gold as the Company's mineral resources are primarily of gold. Gold prices have been historically volatile reacting to conditions beyond the Company's control, including international politics, economic crisis, global supply and demand and investors' sentiment. These uncertainties and volatility could affect negatively the Company's ability to raise capital for its exploration activities.

Global Economy and Financial Markets

The Company has no revenue from its operations and relies on the capital markets to raise equity financings for its operations. The ongoing civil war in Syria, instability in the Middle East, proliferate terrorist attacks in Europe and the increase of US interest rate have all adversely affected the global economy. The market uncertainty has led to the capital especially in natural resource sectors with uneconomically low commodity prices. This results in extreme challenges for exploration companies to seek funds from the financial markets.

Share Price Volatility

The slowdown growth in China since 2014 has resulted in reduced demand of base and precious metals and drastic drops in the share prices of many resource-based companies. As a junior mineral explorer, the Company's share price has been unavoidably affected by such volatile market conditions, which may not be necessarily related to the financial condition and underlying assets of the Company. For the Company's ongoing working capital and exploration activities, it relies on the issuance of common shares. The Company's depressed share price has casted doubt on its ability to raise equity financing.

Government and Environmental Regulations

The Company's operations are subject to various regulations governing prospecting, permitting, mine safety, labour standards, explosive storage, reclamation, spills, tailings disposal and any other environmental issues. There is no guarantee that new rules and compliances will not be enacted or existing regulations will not be changed and applied in such a way that they may adversely affect the Company's operations. Environmental legislation has becoming more stringent and penalties are enforced for non-compliance. Compliance with existing and evolving regulations means increasing costs to the Company.