



(the “Company”)

## **INTERIM MANAGEMENT’S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS**

**For the Nine Months Ended September 30, 2019**

### **General**

This interim Management’s Discussion and Analysis (“Interim MD&A”) supplements, but does not form part of, the unaudited condensed interim financial statements of the Company for the nine months ended September 30, 2019. The following information, prepared as of November 4, 2019, should be read in conjunction with the Company’s unaudited condensed interim financial statements for nine months ended September 30, 2019 and the related notes contained therein. The Company reports its financial position, results of operations and cash flows in accordance with International Financial Reporting Standards (“IFRS”). In addition, the following should be read in conjunction with the financial statements of the Company for the year ended December 31, 2018 and the related MD&A. All amounts are expressed in Canadian dollars unless otherwise indicated. The September 30, 2019 financial statements have not been reviewed by the Company’s auditors.

Additional information relevant to the Company’s activities can be found on SEDAR at ([www.sedar.com](http://www.sedar.com)).

### **Forward-looking Information**

This Interim MD&A contains certain statements which constitute forward-looking information within the meaning of applicable Canadian securities legislation (“Forward-looking Statements”). All statements included herein, other than statements of historical fact, are Forward-looking Statements and are subject to a variety of known and unknown risks and uncertainties which could cause actual events or results to differ materially from those reflected in the Forward-looking Statements. The Forward-looking Statements in this Interim MD&A include, without limitation, statements relating to the Company’s plans for exploration of its properties; the sufficiency of the Company’s cash position; and its ability to raise equity capital or access debt facilities. Often, but not always, these Forward-looking Statements can be identified by the use of words such as “anticipates”, “believes”, “plans”, “estimates”, “expects”, “forecasts”, “scheduled”, “targets”, “possible”, “strategy”, “potential”, “intends”, “advance”, “goal”, “objective”, “projects”, “budget”, “calculates” or statements that events, “will”, “may”, “could” or “should” occur or be achieved and similar expressions, including negative variations.

Forward-looking Statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any results, performance or achievements expressed or implied by the Forward-looking Statements. Such uncertainties and factors include, among others:

- risks associated with mineral exploration;
- fluctuations in commodity prices, foreign exchange rates, and interest rates;
- credit and liquidity risks;
- changes in national and local government legislation, taxation, controls, regulations and political or economic developments in countries in which the Company does or may carry on business;
- reliance on key personnel;

- property title matters and local community relationships;
- risks associated with potential legal claims generally or with respect to environmental matters;
- dilution from further equity financing;
- competition; and
- uncertainties relating to general economic conditions;

as well as those factors referred to in the “Risks and Uncertainties” section in this Interim MD&A.

Forward-looking Statements contained in this Interim MD&A are based on the assumptions, beliefs, expectations and opinions of management, including but not limited to:

- all required third party contractual, regulatory and governmental approvals will be obtained for the exploration and development of the Company’s properties;
- there being no significant disruptions affecting operations, whether relating to labor, supply, power, damage to equipment or other matters;
- exploration activities proceeding on a basis consistent with the Company’s current expectations;
- expected trends and specific assumptions regarding commodity prices and currency exchange rates; and
- prices for and availability of fuel, electricity, equipment and other key supplies remaining consistent with current levels.

These Forward-looking Statements are made as of the date hereof and the Company disclaims any obligation to update any Forward-looking Statements, whether as a result of new information, future events or results or otherwise, except as required by law. There can be no assurance that Forward-looking Statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, investors should not place undue reliance on Forward-looking Statements.

### **Business of the Company**

The Company is a Vancouver-based mineral exploration company engaged in the acquisition and exploration of precious and base metals properties. Management has been actively seeking new prospective projects for the Company, as well as possible joint ventures or other transactions for the Company’s Rivier Property described below. Management is currently preparing a short-list of recently reviewed properties of merit, with the goal of identifying one or more projects for acquisition by the Company in the near future.

### **Rivier Property**

The Company has held a 100% interest in 16 Rivier claims for some years, and until late 2017, had an option to acquire an additional 100 Rivier claims. In April 2018, the Company entered into an agreement (the “Rivier and Sixty Mile Agreement”) with the owner (the “Rivier Owner”) of the 100 Rivier claims, to acquire such claims in consideration for transferring 63 of the Company’s Sixty Mile claims to the Rivier Owner, agreeing to make annual advance royalty payments of \$10,000 to the Rivier Owner commencing in April 2020 (for as long as the Company owns the Rivier Property), and granting to the Rivier Owner a 2% net smelter return royalty. As a result of the Rivier and Sixty Mile Agreement, the Rivier Property currently consists of 116 claims owned by the Company and which are in good standing until 2024.

The Rivier claims are located 90 kilometres southeast of Ross River, Yukon and are targets for lode gold mineralization of the Motherlode type. Geochemical results from soil sample programs identified three zones of anomalous gold values adjacent to a structurally controlled ultramafic body indicating the potential for significant gold mineralization. Each of the three zones includes at least one soil sample that contained over 2 grams per tonne gold.

*Qualified Person: Bruce Smith, M.Sc., M.Eng., a member of the Australian Institute of Geoscientists, is the Company’s Qualified Person as defined by National Instrument 43-101, and is responsible for the accuracy of the technical information in this Interim MD&A.*

## **Quarterly Information**

The following table provides quarterly information for the eight fiscal quarters ended September 30, 2019:

<b>Quarter Ended</b>	<b>Sep. 30, 2019 (\$)</b>	<b>Jun. 30, 2019 (\$)</b>	<b>Mar. 31, 2019 (\$)</b>	<b>Dec. 31, 2018 (\$)</b>	<b>Sep. 30, 2018 (\$)</b>	<b>Jun. 30, 2018 (\$)</b>	<b>Mar. 31, 2018 (\$)</b>	<b>Dec. 31, 2017 (\$)</b>
Exploration expenditures	-	29,689	31,938	7,788	-	18,001	-	7,602
General and administrative expenses	34,186	76,609	38,582	45,837	24,730	30,788	31,493	40,259
Net income (loss)	(34,186)	(106,298)	(70,520)	(53,625)	(28,791)	(48,792)	(31,493)	2,139
Basic and diluted income (loss) per share	(0.00)	(0.01)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)	0.00

The net income for the quarter ended December 31, 2017 was a result of the reversal of impairment of exploration and evaluation properties of \$50,000. Exploration expenditures for the quarters presented were mostly related to the investigation of new property opportunities.

## **Results of Operations**

### *Quarter ended September 30, 2019*

The quarter ended September 30, 2019 had a net loss of \$34,186, compared to \$28,791 for the quarter ended September 30, 2018, an increase of \$5,395. The net loss for the current quarter consisted entirely of general and administrative expenses while the net loss for the comparative quarter consisted of \$24,730 in general and administrative expenses and a \$4,061 loss on debt settlement. Notable general and administrative expense increases for the current quarter were in salaries and benefits and office and administration which were due to the Company's portion of shared costs being higher. The comparative quarter's loss on debt settlement was the result of common shares being issued to settle an amount of \$16,245 owing to the President of the Company whereby the fair value of the shares on the issuance date was greater than the carrying value of the debt as of the date of the debt settlement agreement.

### *Nine months ended September 30, 2019*

The net loss for the nine month period ended September 30, 2019 was \$211,004 compared to \$109,076 for the nine month period ended September 30, 2018, an increase of \$101,928. Exploration expenditures for the current period totaled \$61,627 compared to \$18,001 for the comparative period, an increase of \$43,626. Exploration expenditures for both periods consisted mostly of new property investigation costs.

General and administrative expenses for the current period totaled \$149,377 compared to \$87,011 for the comparative period, an increase of \$62,366. This increase is mostly due to a share-based payments expense of \$49,033 relating to the granting of stock options during the current period whereas there was no such expense for the comparative period. The other notable cost increase for the current period was \$9,947 in salaries and benefits which was due to the Company's portion of shared personnel costs increasing since the comparative period.

## **Liquidity and Capital Resources**

The Company is in the exploration stage and therefore has no cash flow from operations. The Company no longer has option agreements relating to the Rivier Property that had cash and share payments scheduled to be paid and received, although for as long as the Company owns the Rivier Property, the Company has a commitment to make annual advance royalty payments of \$10,000 to the former property owner commencing in April 2020.

As at September 30, 2019, current assets were \$18,218 of which \$14,402 was cash and \$2,251 was the fair value of equity investments. Current liabilities were \$245,496, resulting in a working capital deficiency of \$227,278. The current liabilities balance includes \$225,089 owing to related parties, of which the majority has been accrued since 2015. The Company's last equity financing was in 2015. During the 2018 fiscal year, the Company received proceeds of \$50,000 upon the sale of its Scarlet East and Face properties. Current funds are being used for new project investigations and for general working capital purposes.

The Company has primarily funded its operations through the issuance of equity financing. The Company does not expect its capital resources to be sufficient to cover its corporate operating costs and future exploration expenditures through the next twelve months. As such, the Company will seek to raise additional capital and believes it will be able to do so, but recognizes the uncertainty attached thereto. Actual funding requirements may vary from those planned due to a number of factors, including the progress of property acquisition and exploration activity.

### **Related Party Transactions**

There were no significant related party transactions during the current period. See Note 11 of the condensed interim financial statements for the nine months ended September 30, 2019 for details of related party transactions which occurred in the normal course of business.

### **Other Data**

Additional information related to the Company is available for viewing at [www.sedar.com](http://www.sedar.com).

### **Share Position and Outstanding Options**

As at November 4, 2019, the Company had 20,261,308 common shares issued and outstanding and the following incentive stock options are currently outstanding:

<b><u>STOCK OPTIONS</u></b>		
<b>No. of options</b>	<b>Exercise price</b>	<b>Expiry date</b>
146,000	\$0.75	July 19, 2022
470,000	\$0.10	May 2, 2029
616,000		

### **Accounting Policies and Basis of Presentation**

The Company's significant accounting policies and future changes in accounting policies are presented in the audited financial statements for the year ended December 31, 2018. The following outlines the new accounting standard adopted by the Company effective January 1, 2019:

#### *IFRS 16 Leases*

IFRS 16 Leases requires lessees to recognize assets and liabilities for most leases. For lessors, there is little change to the existing accounting in IAS 17 Leases. The adoption of IFRS 16 did not have a material impact on the Company's condensed interim financial statements.

### **Risks and Uncertainties**

#### *Mineral Property Exploration and Mining Risks*

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, none of the Company's properties has a known commercial ore deposit. The main operating risks include: securing adequate funding to maintain and advance exploration properties; ensuring ownership of and access to mineral properties by confirmation that option agreements, claims and leases are in good standing; and obtaining permits for drilling and other exploration activities.

#### *Joint Venture Funding Risk*

The Company's strategy includes seeking partners through joint ventures to fund exploration and project development. The main risk of this strategy is that funding partners may not be able to raise sufficient capital in order to satisfy exploration and other expenditure terms in a particular joint venture agreement. As a result, exploration and development of one or more of the Company's property interests may be delayed depending on

whether the Company can find another partner or has enough capital resources to fund the exploration and development on its own.

#### *Commodity Price Risk*

The Company is exposed to commodity price risk. Declines in the market price of gold, base metals and other minerals may adversely affect the Company's ability to raise capital or attract joint venture partners in order to fund its ongoing operations. Commodity price declines could also reduce the amount the Company would receive on the disposition of one of its mineral properties to a third party.

#### *Financing and Share Price Fluctuation Risks*

The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects. Further exploration and development of one or more of the Company's projects may be dependent upon the Company's ability to obtain financing through equity or debt financing or other means. Failure to obtain this financing could result in delay or indefinite postponement of further exploration and development of its projects which could result in the loss of one or more of its properties.

Securities markets have at times in the past experienced a high degree of price and volume volatility, and the market price of securities of many companies, particularly those considered to be exploration stage companies such as the Company, have experienced wide fluctuations in share prices which have not necessarily been related to their operating performance, underlying asset values or prospects. There can be no assurance that these kinds of share price fluctuations will not occur in the future, and if they do occur, how severe the impact may be on the Company's ability to raise additional funds through equity issues.

#### *Political and Regulatory Risks*

The Company is currently operating in Canada which has a stable political and regulatory environment. However, changing political aspects may affect the regulatory environment in which the Company operates.

#### *Insured and Uninsured Risks*

In the course of exploration, development and production of mineral properties, the Company is subject to a number of hazards and risks in general, including adverse environmental conditions, operational accidents, labor disputes, unusual or unexpected geological conditions, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods, and earthquakes. Such occurrences could result in damage to the Company's properties or facilities and equipment, personal injury or death, environmental damage to properties of the Company or others, delays, monetary losses and possible legal liability.

Although the Company may maintain insurance to protect against certain risks in such amounts as it considers reasonable, its insurance may not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums or for other reasons. Should such liabilities arise, they could reduce or eliminate future profitability and result in increased costs, have a material adverse effect on the Company's results and a decline in the value of the securities of the Company.

#### *Environmental and Social Risks*

The activities of the Company are subject to environmental regulations issued and enforced by government agencies. Environmental legislation is evolving in a manner that will require stricter standards and enforcement and involve increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There can be no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on properties in which the Company holds interests which are unknown to the Company at present. Social risks are considered low in Canada, the principal country of operation of the Company, but a change in social expectations could add new layers of risk to the viability of exploration and development properties.

#### *Competition*

The Company will compete with many companies and individuals that have substantially greater financial and technical resources than the Company for the acquisition and development of its projects as well as for the recruitment and retention of qualified employees.