

**PRECIPITATE GOLD CORP.**  
**Management Discussion and Analysis (“MD&A”)**  
**for the six months ended May 31, 2020**

The following discussion and analysis of the operations, results, and financial position of Precipitate Gold Corp. (“the Company”) for the six months ended May 31, 2020, should be read in conjunction with the Company’s unaudited financial statements and related notes for the three and six months ended May 31, 2020, and the audited financial statements and related notes for the year ended November 30, 2019 which have been prepared in accordance with International Financial Reporting Standards. The effective date of this report is July 29, 2020. All figures are presented in Canadian dollars, unless otherwise indicated.

**COMPANY OVERVIEW**

The Company was incorporated pursuant to the provisions of the *Business Corporations Act* of British Columbia on January 31, 2011 and is based in Vancouver, British Columbia, Canada. On May 24, 2012, the Company completed an initial public offering (“IPO”) on the TSX Venture Exchange (“TSX-V”) and commenced trading under the symbol PRG. The Company is in the business of exploration, development and exploitation of mineral resources in Canada and the Dominican Republic, with the primary objective to explore mineral properties to a stage where they can be developed profitably or sold to a third party.

The Company is primarily focused on gold and base metal exploration in the Dominican Republic. The Company has three distinct Dominican properties, Pueblo Grande, Juan de Herrera and Ponton, covering a combined 25,967 hectares. The Pueblo Grande Property adjoins the world class, high sulphidation epithermal Pueblo Viejo gold-silver mine, owned by Barrick (60%) & Newmont Goldcorp (40%), in the heart of the Dominican Republic’s most active and mining-friendly district. The Juan de Herrera Project is located within the prospective Tireo Gold Trend of western Dominican Republic, directly adjoining GoldQuest Mining Corp. on the south and west sides of its Tireo Gold Project. The Ponton Property, located 25 kilometres east of Pueblo Grande, is an early stage gold epithermal (and possibly porphyry copper-gold) exploration target hosted in the same Los Ranchos Formation volcanic rocks as found at Barrick’s Pueblo Viejo.

**MINERAL PROPERTIES**

The Company is conducting exploration activities and evaluating possible new opportunities in the Dominican Republic. The Company’s mineral property interests are as follows:

**a) Pueblo Grande, Dominican Republic**

On October 24, 2018 the Company announced entering into a purchase-sale agreement with Everton Resources Inc. (“Everton”) to acquire a 100% interest in all of Everton’s Dominican Republic exploration concessions, including two highly prospective concessions, making up the “Pueblo Grande Property” surrounding the world-class Pueblo Viejo gold-silver-copper mine. As consideration the Company delivered to Everton CDN\$25,000 cash and 7,000,000 common shares of Precipitate subject to resale restrictions for up to 3 years.

On January 9, 2020, the Company facilitated the sale and transfer of 4,500,000 common shares of the Company previously registered to Everton Resources and transferred and re-registered the shares to a new shareholder group (the “Purchasers”). The Company has removed the re-sale restrictions on the 2,500,000 shares owned by Everton. The Company agreed to amend the re-sale restriction on the re-registered shares such that 1,500,000 of the Purchasers’ shares will be free-trading at transfer, 1,500,000 will be restricted from re-sale for 3 months from the date of transfer, and 1,500,000 will be restricted from re-sale for 9 months from the date of transfer.

Pre-existing advanced stage or mining-related commitments to a third party include (i) a sliding scale NSR royalty ranging from 1%, where gold is under US\$1,000/oz, to 2%, where gold is over US\$1,400/oz and (ii) sum of cash or shares valued at the greater of \$5,000,000 or the value of 5,000,000 common shares based on a 20 day VWAP, in the event a resource of 1,000,000 gold equivalent ounces or greater are delineated at certain grades and in various indicated and inferred categories.

On April 13, 2020 the Company announced that it had signed a definitive earn-in agreement (the "Agreement") with Barrick Gold Corporation whereby Barrick has the right to earn a 70% interest in the Company's Pueblo Grande Property by incurring a minimum US\$10.0 million in exploration expenditures and delivering a qualifying pre-feasibility study prior to the sixth anniversary of the Agreement. In addition, Barrick subscribed for US\$1.0 million (C\$1.39M) of Precipitate's common shares in a private placement.

In accordance with the terms of the Agreement, to earn a 70% interest in the Project, Barrick must (the "Earn-in Conditions"):

- Incur a minimum of US\$10.0 million in qualifying work expenditures prior to the sixth anniversary of the entering into of the Agreement as follows:
  - US\$2.0 million in aggregate before the second anniversary, with a US\$1.0 million guaranteed minimum expenditure if Barrick elects to terminate the Agreement before the second anniversary;
  - US\$3.5 million in aggregate before the third anniversary;
  - US\$5.0 million in aggregate before the fourth anniversary;
  - US\$7.0 million in aggregate before the fifth anniversary; and
  - US\$10.0 million in aggregate before the sixth anniversary;
- Complete a minimum of 7,500 metres of drilling before the sixth anniversary of the entering into of the Agreement; and
- Deliver a qualifying pre-feasibility study before the sixth anniversary of the entering into of the Agreement

Shortfalls in required work expenditures may be paid by Barrick to Precipitate as cash in lieu to satisfy the work expenditures' requirement. Barrick may at any time accelerate any or all of the work expenditures and excess work expenditures in any year shall apply against any future years' obligations.

Upon satisfaction of the Earn-in Conditions and delivery of an exercise notice, Barrick and Precipitate will form a joint venture to be owned 70% by Barrick and 30% by Precipitate. At Precipitate's election, which must be made within 120 days of the approval by the joint venture of a feasibility study, Barrick will be obligated to provide Precipitate's portion of any debt financing or arrange for third party financing of Precipitate's portion of any debt financing required to construct a mine on the Pueblo Grande Property described in the feasibility study in consideration for the transfer by Precipitate to Barrick of a 5% interest in the joint venture. Dilution of the Company's interest in the joint venture below 10% will result in the conversion of Precipitate's interest to a 1.5% net smelter return ("NSR") royalty on any concessions without pre-existing NSRs as of the date hereof, and a 1.0% NSR royalty on any concessions with pre-existing NSRs as of the date hereof, applicable to all recovered products.

As part of the agreement, the Company closed a non-brokered private placement by Barrick on April 17, 2020 of 12,713,636 common shares at \$0.11 per share for gross proceeds of \$1,398,500.

As operator of the Pueblo Grande Property, Barrick will prepare programs and budgets in respect of the Pueblo Grande Property and provide Precipitate copies of each approved program and budget

within 30 days of its approval. In addition, Barrick will prepare and provide to Precipitate, by the 45th day after the end of each calendar quarter, a quarterly report in respect of the preceding quarter that describes all work conducted on the Pueblo Grande Property, including all data and results derived from such work.

In the event Barrick elects to withdraw from the Agreement prior to having earned a 70% interest or fails to fulfill the qualifying work expenditures, including delivery of a qualifying pre-feasibility study before the sixth anniversary, Barrick will forfeit all rights and interests in the Pueblo Grande Property to Precipitate with all concessions in good standing.

## **b) Juan de Herrera Project, Dominican Republic**

Precipitate, through 0945044 B.C. Ltd., acquired 100% of certain concessions within the Juan de Herrera Project. The properties are subject to a 3% NSR royalty on any base and precious metal commercial production. The Company may purchase 50% of the NSR royalty by paying \$2,000,000.

The Company has completed multiple phases of regional and local scale exploration work on its Juan de Herrera Project (“JDH”), since acquiring the property in late 2012. The JDH Project concessions cover approximately 12,754 hectares, directly adjoining the “Tireo Gold Trend” holdings of GoldQuest Mining Corp. on the south and west sides. Much of the Company’s initial exploration work focused on the Ginger Ridge zone, however more recent exploration has expanded to include several other geochemically anomalous areas, such as the Ginger Ridge East, Southeast, South Jengibre, Peak and Melchor zones.

Exploration completed at the Ginger Ridge Zone includes geological mapping, rock sampling, gridded soil sampling, trenching, induced polarization (‘IP’) geophysical surveying, ground magnetics geophysical surveying and two diamond drilling programs consisting of 15 holes, totalling 3,274 metres. See the Company’s September 23, 2014 and select 2016-2017 news releases for more drill program related details. Results for follow up holes 7 to 15 reported intervals of sulphide-silica alteration combined with anomalous gold-copper-zinc metal enrichment is encouraging, as they appear to show characteristics commonly associated with a volcanogenic massive sulphide (“VMS”) setting. See the Company’s news releases dated January 19, 2017 and August 1, 2017 for full details.

### Ginger Ridge East Zone

Subsequent to the completion of the late 2016 Phase 2 drilling at Ginger Ridge, the Company shifted its exploration focus to the Ginger Ridge East zone, located approximately 1.0 km east of the main Ginger Ridge zone. The East Zone emerged as a prospective target following the announcement of GoldQuest Mining’s Cachimbo discovery which identified a new gold-rich polymetallic discovery approximately 3.0km northwest of Ginger Ridge East. The East Zone’s multi-element soil anomaly (gold, lead, zinc, copper, arsenic, antimony, plus other elements) strikes approximately 1 kilometre in a northwest direction and is coincident with induced polarization gradient geophysical anomalies of elevated resistivity and moderate chargeability. Trench sampling within the anomaly returned consistent gold, lead, zinc, and copper mineralization over substantial lengths at all six trench locations.

The mid-2017 first phase of drilling at the East Zone consisted of 8 shallow drill holes totalling 812 metres. Highlight core sampling results include mineralized drill intercepts yielding 10.47m of 0.83 g/t gold, and 0.20% zinc (hole EA17-03) and 3.04m of 2.1% zinc and 0.2% copper, including 1.50m of 3.18% zinc and 0.4% copper (hole EA17-06). Subsequent to the completion of the 2017 drill program, results were received for the expanded continuous chip sampling of the Zone’s Trench 6; including highlight values of 22.0m of 1.79 g/t gold, including 8.0m of 3.52 g/t gold (see August 09, 2017 news release). Several immediate follow up targets, including a sizable untested area in and around the newly expanded Trench 6, are the anticipated focus of follow up drilling.

### Southeast Zone

The Company's continuous rock chip channel sample results from Trench 7 at the high-grade copper showing at the Southeast Zone, located approximately 6 kilometres southeast of the Ginger Ridge Zone, has yielded a highlight interval of 3.0m of 2.78% copper within 8.0m of 1.28% copper, within a broader 18.0m of 0.70% copper. Surface rock grab samples collected up to 60 metres to the southwest report copper values up to 0.76%. In late 2017, crews conducted an extensive soil sampling and X-ray fluorescence ("XRF") scanning survey over the Southeast Zone (and multiple other zones within the project). Results from the latest soil sampling survey have strengthened the anomalous base metal component of this zone. The Southeast copper showing is located within a northwest trending, 650m by 125m multi-element soil anomaly which is currently open in all directions, except to the southeast. The zone is underlain by mixed andesitic and dacitic volcanic rocks with moderate high and locally variable IP chargeability and resistivity geophysical anomalies and a magnetic low signature. See the Company's news release dated September 19, 2017.

### Other Zones

The Company has carried out property wide exploration on targets derived from the integrated Precipitate and GoldQuest Mining Corp. database and respective field work. Crews have focused on areas which evidence compelling gold, copper, lead and zinc values identified in soil or rock grab samples gathered in areas underlain by magnetic and induced polarization anomalies, all within the favoured Tiroo formation volcanic rock units. The most recent work included a near property-wide soil sampling and XRF scanning survey throughout the project. Crews collected over 17,000 individual soil samples on 25 metre by 50 metre spacings. Over 14,000 of the soil samples were scanned by the Company using a portable XRF unit for indications of various base metal and pathfinder elements.

To-date, the full scope of JDH property exploration work has successfully identified multiple combined geological, geophysical, and geochemical anomalous areas which require modest additional work to refine and prioritize future drill targets. These additional early-stage zones include the Southeast, Jengibre South, Peak and Melchor areas, as well as several other un-named anomalous zones in the northern part of the project. These new target areas are part of an expanding and developing prospective regional mineral trend that cuts through several portions of Precipitate and GoldQuest Mining Corp's Tiroo Gold Camp landholdings.

### **c) Ponton Project, Dominican Republic**

The Ponton Project was acquired 100% as part of the October 24, 2018 purchase-sale agreement with Everton Resources Inc., which subsequently closed on January 15, 2019 (see Pueblo Grande Property above).

The Ponton Project is located about 20 kilometres east of the Company's Pueblo Grande gold project or 45 kilometres north of Santo Domingo, the capital of Dominican Republic. The Project covers 3,250 hectares, has excellent access road access, is bisected by a high power electrical line and importantly is underlain by the similar prospective Cretaceous to lower Tertiary aged Los Ranchos Formation volcanic rocks that host Barrick's Pueblo Viejo Gold-Silver Mine. At the Copey Hill Zone, topography is generally modest, with small hills and ridges varying from 100 to 220 meters above sea level. Project work completed by past operators includes both property-wide reconnaissance scale exploration and detailed follow up work on two of the three surface geochemically anomalous zones identified on the Project. The three exploration zones are (i) Copey Hill, an epithermal gold target, (ii) Majagual Hill, a copper-gold porphyry target and (iii) a broad area of early stage rock and stream sediment anomalies, which require follow up investigation. At the Majagual Hill copper-gold porphyry zone prior work includes surface trenching, 4.7 line-kilometers of induced polarization (IP) geophysical surveying, and 1,666 metres of diamond drilling (5 holes in 2017).

### Copey Hill Zone

Data compilation and interpretation of the Ponton Project's historical surface geochemical sampling (soil, rock and stream sediment) has ascertained that the Copey Hill Zone hosts the region's strongest multi-element geochemical anomaly (gold, silver, arsenic, mercury, antimony) which is indicative of a near surface epithermal gold system. The zone has not seen previous drill testing and is the current exploration focus of the Company. Since June 2020, the Company has been conducting various surveys, including soil, rock sampling, geological mapping and ground magnetics geophysics.

#### **d) Reef Property, Yukon**

On February 9, 2017 the Company entered into a mineral Property Option Agreement (the "Agreement") with Golden Predator Mining Corp. ("Golden Predator") pursuant to which Golden Predator had the right to acquire Precipitate Gold's 100% interest in the claims comprising the Reef property. The Reef claims are located immediately adjacent to the northern boundary of Golden Predator's 3 Aces Project. In the year ended November 30, 2019, Golden Predator completed the Agreement's payment obligations and acquired a 100% interest in the claims comprising the Reef property.

Golden Predator completed staged cash payments, and issuances of common shares and warrants as follows:

- a) Cash payments totalling \$600,000:
  - \$400,000 on February 9, 2017 (received)
  - \$150,000 on February 9, 2018 (received)
  - \$50,000 on or before June 30, 2019 (received)
  
- b) Common shares of Golden Predator:
  - 100,000 common shares on February 9, 2017 (received at a value of \$143,000)
  - 100,000 common shares on February 9, 2018 (received at a value of \$66,000)
  - 950,000 common shares on or before April 1, 2019 (received at a value of \$218,500)
  
- c) Warrants of Golden Predator:
  - 100,000 warrants on February 9, 2017 at an exercise price of \$1.59 per share with a 3 year term (received)
  - 100,000 warrants on February 9, 2018 at an exercise price of \$2.00 per share with a 3 year term (received)
  - 450,000 warrants on April 1, 2019 at an exercise price of \$0.40 per share with a 4 year term (received)

Golden Predator granted the Company a 2% net smelter return ("NSR") royalty on the claims that are not subject to a pre-existing royalty, and a 1% NSR royalty on claims that are subject to a pre-existing royalty. Golden Predator may purchase 25% of the Company's NSR royalty at any time for \$1,000,000 and an additional 25% of the Company's NSR royalty at any time for \$1,500,000.

In addition, if Golden Predator at any time elects to abandon any one or more of the claims, Golden Predator must provide Precipitate 30 days advance written notice of its intention to abandon the claims. Upon receipt of such notice Precipitate may, within 30 days of receipt of notice, request assignment of such claims and Golden Predator will re-transfer such title to Precipitate at Golden Predator's expense. For greater certainty, any NSR Royalty payable by Golden Predator to Precipitate with respect to such abandoned claims will be void and no longer payable.

## **OPERATIONS UPDATE**

The Company's current exploration work is focused on its Ponton Project in the Dominican Republic.

### ***Qualified Person***

The technical information regarding the Company's mineral property contained in this MD&A has been reviewed by Michael Moore (P. Geo.). Mr. Moore is a Qualified Person ("QP") as defined in the "Canadian Institute of Mining, Metallurgy and Petroleum, CIM standards on Mineral Resources and Reserves" and NI 43-101.

## **PLAN OF OPERATIONS AND FUNDING**

The Company's plan of operations for the next twelve months is as follows:

- Ponton Project: The Company has completed a detailed desktop review of surface geochemical samples collected by prior operators and has identified and prioritized areas of high potential gold exploration. Field exploration work is underway, including geological mapping, ground magnetic geophysical surveys and surface geochemical sampling;
- Pueblo Grande Project: Recent Company exploration work has included surface geochemical sampling, geological mapping, ground magnetic surveying, and a detailed desktop data review, resulting in the identification of prioritized drill target areas located within the Loma Cuaba Lithocap alteration zone, west of the Pueblo Viejo mine site. As a result of the recently announced earn-in agreement, Barrick Gold Corporation is now operator of the Pueblo Grande Project. Barrick will continue to explore the Pueblo Grande Project, focussing on the Lithocap Zone and also other portions of the property which have seen little recent exploration. On June 17, 2020, the Company announced that Barrick had commenced field work, initially concentrating on the Lithocap Zone, with a goal to drill approximately 2,500 metres in the coming months;
- Juan de Herrera Project: Modest scale follow up exploration work includes a combination of surface geological mapping and selective sampling, particularly focused on lesser known peripheral anomalous areas on trend with the higher priority Ginger Ridge East, Southeast and Peak zones;
- Continue the evaluation and assessment of other prospective mineral exploration projects in geologically and geopolitically attractive jurisdictions, as opportunities are presented to the Company; and
- Monitor and evaluate the capital markets for possible equity financing opportunities attainable under favourable terms to fund the Company's on-going operations and exploration activities.

## **SUBSEQUENT EVENTS**

Subsequent to May 31, 2020:

- a) the Company issued 125,000 stock options at an exercise price of \$0.20 per share, exercisable for 5 years.
- b) 75,000 stock options were exercised at \$0.08 per share for proceeds of \$6,000.

## SUMMARY OF QUARTERLY RESULTS

The following is a summary of the Company's quarterly results for the last eight quarters:

	May 31, 2020	Feb 29, 2020	Nov 30, 2019	Aug 31, 2019	May 31, 2019	Feb 28, 2019	Nov 30, 2018	Aug 31, 2018
Expenses	\$645,565	\$383,552	\$297,225	\$138,578	\$299,915	\$234,592	\$482,993	\$152,405
Loss/ (income) for the period	\$625,884	\$374,914	\$351,703	(\$124,960)	\$88,325	\$230,620	\$484,555	\$167,788
Weighted average shares outstanding	92,930,692	92,930,692	82,479,412	82,692,575	82,692,575	79,114,797	75,692,575	75,692,575
Loss per share	\$0.01	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.01	\$0.01
Mineral property acquisition costs	-	-	-	-	-	\$900,000	\$5,278	-
Mineral property exploration costs	\$77,279	\$239,990	\$143,812	\$56,254	\$188,225	\$140,552	\$112,479	\$33,777

The Company's operating losses are due to mineral exploration, share-based compensation and general and administrative expenses, such as audit and accounting fees, marketing, conferences and shareholder relations costs, salaries and wages, and office and administrative expenses incurred during the process of managing the Company's operations and to ensure regulatory compliance, and can vary from quarter to quarter based on planned exploration activities, resource constraints, and share-based compensation. The net loss in the three months ended May 31, 2019 is significantly lower due to a gain on the sale of the Reef property. There was a net income in the three months ended August 31, 2019 due to a gain on the sale of investments and an unrealized gain on the fair value of investments in Golden Predator during the quarter.

## DISCLOSURE OF OUTSTANDING SHARE DATA

As of the date of this MD&A, the Company had 105,751,031 shares outstanding. The following table summarizes the maximum number of common shares outstanding as at May 31, 2020 and as of the date of this MD&A, if all outstanding options were converted to shares:

	May 31, 2020	As of the date of this MD&A
Common shares	105,751,031	105,826,031
Warrants	5,187,610	5,187,610
Stock options	7,870,000	7,920,000
	118,808,641	118,933,641

## RESULTS OF OPERATIONS

### Six months ended May 31, 2020 ("2020 period") compared to the six months ended May 31, 2019 ("2019 period")

The loss for the six months ended May 31, 2020 was \$1,000,798 compared to \$318,945 for the six months ended May 31, 2019. The increase in net loss is mainly due to an increase in marketing, conferences and shareholder relations, repairs and maintenance, share-based compensation expense, a

decrease in gain on sale of mineral property interests, offset by a decrease in unrealized loss on sale of investments. Major variances are explained as follows:

- Marketing, conferences and shareholder relations costs increased from \$11,816 in the 2019 period to \$108,799 in the 2020 period. The increase was due to an increase in advertising and campaign activities from 2019 to 2020;
- Repairs and maintenance of \$68,304 were incurred during the 2020 period in relation to the drills and equipment that were acquired during the 2020 period. There were no such costs incurred in the 2019 period;
- Share-based compensation expense increased from \$Nil in the 2019 period to \$341,000 in the 2020 period. The share-based compensation expense arose from the 2,670,000 stock options granted on May 25, 2020 to directors, officers, and consultants of the Company.
- During the 2019 period, the gain on sale of mineral property interests was \$277,500 compared to \$Nil in the 2020 period. The gain on sale of mineral property interests during the 2019 period consists of 950,000 common shares valued at \$218,500 and 450,000 share purchase warrants valued at \$59,000 from Golden Predator as part of the option agreement relating to the Reef property; and
- During the 2020 period, an unrealized gain on investments of \$18,000 was recorded to reflect the increase in the value of warrants received from Golden Predator as part of the option agreement for the Reef property, compared to an unrealized loss of \$65,000 in the 2019 period. The increase in the value on investments was due to the increase in the share price of Golden Predator.

**Three months ended May 31, 2020 (“Q2 2020”) compared to the three months ended May 31, 2019 (“Q2 2019”)**

The loss for the quarter ended May 31, 2020 was \$625,884 compared to \$88,325 for the quarter ended May 31, 2019. The increase in net loss is mainly due to an increase in marketing, conferences and shareholder relations, repairs and maintenance, offset by an increase in unrealized gain on investments. Major variances are explained as follows:

- Exploration and evaluation costs decreased from \$188,225 in Q2 2019 to \$77,279 in Q2 2020. The decrease was due to a decrease in expenditures on the Pueblo Grande project in the three months ended May 31, 2020 compared to the three months ended May 31, 2019;
- Marketing, conferences and shareholder relations costs increased from \$7,070 in Q2 2019 to \$62,733 in Q2 2020. The increase was due to an increase in advertising and campaign activities from 2019 to 2020;
- Repairs and maintenance of \$68,304 were incurred during Q2 2020 in relation to the drills and equipment that were acquired during the 2020 period. There were no such costs incurred in Q2 2019;
- Share-based compensation expense increased from \$Nil in Q2 2019 to \$341,000 in Q2 2020. The share-based compensation expense arose from the 2,670,000 stock options granted on May 25, 2020 to directors, officers, and consultants of the Company;
- During Q2 2019, the gain on sale of mineral property interests was \$277,500 compared to \$Nil in Q2 2020. The gain on sale of mineral property interests during Q2 2019 consists of 950,000 common shares valued at \$218,500 and 450,000 share purchase warrants valued at \$59,000 from Golden Predator as part of the option agreement relating to the Reef property; and

- During Q2 2020, an unrealized gain on investments of \$14,000 was recorded to reflect the increase in the value of warrants received from Golden Predator as part of the option agreement for the Reef property, compared to an unrealized loss of \$67,000 in Q2 2019. The increase in the value on investments was due to the increase in the share price of Golden Predator.

## LIQUIDITY AND CAPITAL RESOURCES

The Company generates cash through financing and investing activities. During the six months ended May 31, 2020, the Company received \$1,398,500 and paid \$57,588 in share issue costs from a private placement and received \$17,600 from the exercise of options (2019 period: \$Nil). During the six months ended May 31, 2020, the Company paid \$59,358 to purchase drills (2019 period: paid \$25,000 of cash option payments for the Pueblo Grande property). As at May 31, 2020 the Company had cash of \$2,063,413 and working capital of \$2,161,606.

The Company's working capital is being used to fund, among other things, exploration of the Ponton and Juan de Herrera properties in the Dominican Republic, evaluation of potential new properties, and general corporate expenses of the Company. The Company expects to spend approximately \$1,400,000 during the next fiscal year on exploration and evaluation costs, and property investigation.

## GOING CONCERN

The recoverability of amounts shown as mineral property interests is dependent upon the discovery of economically recoverable reserves, the Company's ability to obtain financing to develop the properties and the ultimate realization of profits through future production or sale of the properties. Realized values may be substantially different than carrying values as recorded in these financial statements.

The Company's consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to continue its operation as a going concern for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. At May 31, 2020, the Company had not achieved profitable operations, had an accumulated deficit and had working capital of \$2,161,606. Management estimates that the Company has sufficient financial resources to carry out currently planned exploration and operations through the next twelve months.

## TRANSACTIONS WITH RELATED PARTIES

Key management personnel consist of directors and senior management including the President, Chief Executive Officer, Vice President of Exploration and Chief Financial Officer. Key management personnel compensation includes:

Name of related party	Nature of transactions	Six months ended May 31	
		2020	2019
Jeffrey Wilson	Salaries and wages	\$ 77,500	\$ 77,500
Michael Moore	Geological consulting	67,500	80,400
Michael Moore	Property investigation	6,250	-
Michael Moore	Consulting	626	-
VC Consulting Corp.	Accounting services	9,000	9,000
		160,876	166,900

During the six months ended May 31, 2020, the Company issued stock options to related parties that have a fair value of \$286,082 (2019: \$Nil) recorded to share-based compensation expense.

The accounts payable and accrued liabilities of the Company as at May 31, 2020 and as at November 30, 2019 include the following amounts due to related parties:

	May 31, 2020	November 30, 2019
Key management personnel	\$ 3,150	\$ -

## RISK AND UNCERTAINTIES

Readers of this interim MD&A are encourage to read the “Risk and Uncertainties” section of the Company’s Annual MD&A dated March 26, 2020 under the Company’s SEDAR profile on [www.sedar.com](http://www.sedar.com). Important risk factors to consider among others are:

- Competitive industry
- Exploration risks
- Foreign countries ad political risks
- Fluctuating metal and share prices
- Ability to continue as a going concern

## FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Company's future performance. All statements, other than statements of historical fact, may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "propose", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement.

In particular, this MD&A contains forward-looking statements, pertaining to the following: capital expenditure programs, development of resources, treatment under governmental regulatory and taxation regimes, expectations regarding the Company's ability to raise capital, expenditures to be made by the Company to meet certain work commitments, and work plans to be conducted by the Company.

With respect to forward-looking statements listed above and contained in this MD&A, the Company has made assumptions regarding, among other things: the legislative and regulatory environment, the impact of increasing competition, unpredictable changes to the market prices for minerals, that costs related to development of mineral properties will remain consistent with historical experiences, anticipated results of exploration activities, and the Company's ability to obtain additional financing on satisfactory terms.

The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth in this MD&A: volatility in the market prices of minerals, uncertainties associated with estimating resources, geological problems, technical problems, exploration problems, processing problems, liabilities and risks including environmental liabilities and risks inherent in the exploration and mining, fluctuations in currency and interest rates, incorrect assessments of the value of acquisitions, unanticipated results of exploration activities, competition for capital, competition for acquisitions of reserves, competition for undeveloped lands, competition for skilled personnel, political risks and unpredictable weather conditions.

## **ADDITIONAL INFORMATION**

For further detail, see the Company's financial statements for the six months ended May 31, 2020 and 2019. Additional information about the Company can also be found on [www.sedar.com](http://www.sedar.com).

## **CORPORATE DIRECTORY**

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### **Officers and Directors**

Jeffrey Wilson (Chief Executive Officer, President, and Director)  
Michael Moore (Vice President, Exploration)  
Vivien Chuang (Chief Financial Officer)  
Adrian Fleming (Chairman of the Board, and Director)  
Lon Shaver (Director)  
Quinton Hennigh (Director)  
Alistair Waddell (Director)

### **Members of the Audit Committee**

Lon Shaver (Chair)  
Adrian Fleming  
Jeffrey Wilson

### **Members of the Compensation Committee**

Adrian Fleming (Chair)  
Alistair Waddell  
Lon Shaver

### **Legal Counsel**

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### **Transfer Agent**

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