

**PELTON MINERALS CORPORATION**  
**Management's Discussion and Analysis**  
**Year Ended December 31, 2019**  
**Dated April 29, 2020**  
(Form 51-102F1)

*This Management Discussion and Analysis ("MD&A") of Peloton Minerals Corporation (the "Company") is provided for the purpose of reviewing the fiscal year ended December 31, 2019 and comparing results to the previous fiscal year. The MD&A was prepared as of April 29, 2020 and should be read in conjunction with the Company's audited consolidated financial statements and corresponding notes for the years ended December 31, 2019 and 2018. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards appropriate in the circumstances. All monetary amounts are expressed in United States dollars unless otherwise indicated.*

Additional information related to the Company is available for view on SEDAR at [www.sedar.com](http://www.sedar.com) and at the Company's website located at [www.pelotonminerals.com](http://www.pelotonminerals.com).

### **DESCRIPTION OF THE BUSINESS**

The Company is a mineral exploration company focused on the acquisition and exploration of mineral resource properties, primarily gold and silver prospects in the states of Nevada and Montana, USA.

The Company is a reporting issuer in the Provinces of British Columbia and Ontario and its common shares trade on the Canadian Securities Exchange ("CSE") under the symbol PMC, and on the OTC QB Market in the United States under the trading symbol PMCCF.

### **CORPORATE ACTIVITIES**

#### **MINERAL PROJECTS**

##### **INDEPENDENCE VALLEY, Elko County, Nevada**

Independence Valley Project ("Independence Valley") is 100% owned, with no royalties outstanding, and is comprised of a 1,425-acre claim package located in Elko County, Nevada about 29 miles south of Newmont's Long Canyon Project and about 77 miles south of the Company's Golden Trail Project. Independence Valley is also within the historical Spruce Mountain mining district which hosted many base and precious metals mines since the 1840's. The Spruce Mountain deposits are typically associated with rhyolitic and granitic intrusive rocks which intrude structural feeders. Independence Valley hosts the largest untested rhyolite dome in the Spruce Mountain Mining District.

Exploration on this project in 2019 consisted of one reverse circulation drill hole drilled to a depth of 1,140 feet to test a potential down-dropped east limb of a NNW trending antiform. This drilling encountered detectable gold mineralization in a fine grained hypabyssal intrusive and in the contact zone with adjacent Paleozoic carbonate sedimentary rocks over a core length of 345 feet as well hydrothermal alteration over a core length of 500 feet. Both of these results Peloton views as encouraging for the first hole drilled into the property.

**A rhyolite dome situated on the Independence Valley property remains untested.** Peloton geophysical modelling of magnetic and CSAMT data has identified three structures within the dome complex that are recommended for drill testing.

In April, 2018 the Company and Kinross Gold USA Inc. ("Kinross") signed an Exploration Agreement with a Joint Venture Option (the "Agreement") on the Independence Valley, including an area of interest established around the project. Kinross has elected to terminate the Agreement, thereby returning the property, including the area of interest of 640 acres, 100% to Peloton.

## **GOLDEN TRAIL PROJECT, Elko County, Nevada**

Golden Trail is 100% owned, with no royalties outstanding, and is comprised of a 909-acre claim package. Golden Trail is situated on the Long Canyon Gold Trend in north eastern Nevada, about 50 miles north of the Newmont Long Canyon Project.

In late 2019, Peloton conducted 1,213 feet of core drilling with 11 holes completed to an average depth of 65 feet and average length of 110 feet each from eleven drill pads covering a strike length of 300 feet and width of about 110 feet along a 310 degree azimuth. Ten of the holes were drilled in two rows of five drill holes forming five panels of scissored drill holes with - 45 degree inclination and opposing 220 and 40 degree azimuths. All holes contained gold and silver mineralization, typically from the top to the bottom of the hole with 82% of the tested footage and 75% of the samples above the gold detection limit. Gold assays (ALS Minerals fire assay with AAS finish) above the detection rate ranged from 0.005 grams per tonne (g/t) to 0.092 g/t with Silver assays ranging from 0.5 g/t to 74.8 g/t.

This mineralized zone is continuous over a strike length of 300 feet and to a depth of 65. It is open in both directions along strike and to depth. The Company considers this continuity from such an early stage drilling program to be significant and would look for both expansion of the zone and an increase in grade from follow-up exploration.

Drill data including assays, geochemical analysis, mineralogy and hyperspectral mineralogical data is being compiled into a three-dimensional model to help identify structural controls and to guide further exploration. Included in this data set is an airborne hyperspectral survey covering the surface of the entire property and extensive historical surface sampling and trenching described below. The follow-up recommendations are expected to be an IP geophysical survey, detailed mapping, and additional drilling along strike and at depth.

Gold mineralization at Golden Trail is generally centered on approximately 10 square kilometers of thermal metamorphism and hydrothermal/metasomatic alteration. Gold mineralization occurs locally in north-west striking dilational zones containing numerous, high-angle gold-bearing veins and adjacent replacement zones, centered within calcsilicate skarn. The largest identified gold vein at surface, the Golden Trail Vein ("GTV"), is over 1,200 meters long and has an associated alteration zone that averages 30 meters wide. Over 900 grab samples have been taken along the GTV assaying from anomalous to 28 grams gold. Continuous 5-foot trench samples returned 13.7 grams gold with 36.2 grams silver in one 5-foot trench, and 3.49 grams gold with 105 grams silver in a second 5-foot trench.

Mineralization at the Golden Trail Project is similar in geologic setting, host rock lithology, alteration and gangue mineralogy, and geochemistry to sedimentary rock-hosted gold deposits and especially gold mineralization typical of eastern Nevada, including the Carlin-type Long Canyon gold deposit in the Pequop Mountains.

## **TEXAS CANYON, Elko County, Nevada**

Texas Canyon is 100% owned, with no royalties outstanding, and is comprised of a 909-acre claim package. Golden Trail is situated on the Long Canyon Gold Trend in north eastern Nevada, about five miles west of the Company's Golden Trail Project, and about 55 miles north of the Newmont Long Canyon Project.

A field reconnaissance and sampling program was conducted on the Texas Canyon Project in late 2019 to follow up on Carlin style alteration anomalies identified by an airborne Hyperspectral UV survey within hydrothermally altered Paleozoic carbonate and clastic sedimentary rocks. This data will be incorporated into an NI 43-101 technical report being prepared on this project which will be released upon completion.

Nine (9) of the twenty-five (25) exploration grab samples from the Hyperspectral anomalies were anomalous in gold and were anomalous in several elements including Ag, As, Ba, Cd, Cu, Mn, Mo, Ni, P, Pb, S, Sb, V, W, and Zn. NI 43-101 recommendation will include more detailed geologic mapping and sampling of the Hyperspectral anomalies

Texas Canyon is centered on a major boundary fault between mineralized Paleozoic limestone and post-mineral Tertiary geologic units which include the Jarbidge Rhyolite and tuffs and conglomerates of the Humboldt Formation. This fault and related structures are thought to be the conduit for mineralizing fluids that altered and replaced the limestone and limestone breccias. This is based on detailed geologic mapping, surface geochemistry with gold values up to 1280 ppb and molybdenum values up to 1660 ppm, a surface magnetic survey and a surface radiometric survey. The recent Peloton airborne hyperspectral survey corroborated prior data, showing broad hi AL-illite and NH<sub>3</sub>-illite anomalies at Texas Canyon.

### **SILVER BELL & ST. LAWRENCE, Virginia City Mining District, Montana**

The Silver Bell & St. Lawrence Project (“SBSL”) comprises one (1) patented mining claim and twenty- nine (29) unpatented mining claims covering approximately 620 acres. SBSL is located about four miles southwest of the town of Virginia City, Montana, in Madison County, and about 50 miles southeast of Butte, Montana. Year-round access is available by a public road running off of paved Montana Highway 287. Electrical power extends to within approximately 2 miles of the property.

In March 15, 2019 the Company, through its wholly-owned subsidiary SBSL Subsidiary Corporation, and Frederick Private Equity Corporation (“Frederick PEC”) signed an Exploration Agreement with a joint Venture Option (the “Agreement”) on the Company’s Silver Bell – St. Lawrence Gold Project (the “Project” or “SBSL”) including an area of interest established around the Project which is located in the Virginia City Mining District, Montana. Under the Agreement, Frederick PEC may earn up to a 75% interest in the Project by spending a total of US\$2,000,000 in exploration expenses within six years and make annual option payments.

Frederick PEC may first earn a 51% interest in the Project by making annual US\$10,000 option payments and spending US\$1,000,000 in exploration within four years with a minimum of \$200,000 in expenditure during the first two years. Frederick PEC may earn a further 24% interest in the Project by then making annual US\$25,000 option payments and spending an additional US\$1,000,000 in exploration about 4 miles west of the Company’s Golden Trail Project over a two-year period following the establishment of the first 51% interest, for a total of US\$2,000,000 to earn a 75% interest. After Frederick PEC has earned either a 51% or a 75% interest, as the case may be, a mining venture or mining company may be formed with respect to the Project, and Frederick PEC and Peloton will contribute their respective share of further exploration and development expenditures. In the event that either party’s interest is diluted to ten percent (10.0%) or less, it shall relinquish its interest to the other party, in return for a royalty agreement that conveys to the diluting party a royalty of one percent (1.0%) of net smelter returns on all minerals thereafter produced and removed from the Project. The non-diluting party may, at any time, buy-down that royalty by one-half percent (0.05%), so that the total royalty is one-half percent (0.05%) of net smelter returns, by paying US\$250,000 to the royalty holder. The Project is subject to an earlier outstanding 2% NSR, the majority of which can be bought down to one percent (1%).

On April 26, 2019, African Metals Corporation (“AFR”) announced that it had entered into an agreement with Frederick PEC whereby it may acquire initially a 51% interest in the Silver Bell St. Lawrence Project from Frederick PEC. As part of that transaction, AFR has agreed to expend a minimum of US\$200,000 in exploration expenditures in the first year.

John O’Donnell is an officer and/or director of the Company, Frederick PEC, and AFR and, as such, recused himself from the approval process of the transactions.

SBSL hosts two past-producing gold-silver mines, the Silver Bell Mine and the St. Lawrence Mine. Both mines operated in the early 1900s and the St. Lawrence was reactivated in the early 1980s. Historical production records are incomplete but available information suggests that historical production at the St. Lawrence was approximately 0.22 opt gold and 3.8 opt silver. Smelter receipts for small shipments from the St. Lawrence indicate that some ore with much higher grades was shipped. For example, a smelter receipt from October 30, 1964 states that 8.027 tons were received grading 0.76 opt gold and 20.0 opt silver. Historical production at the Silver Bell averaged approximately 0.2 opt gold and 15.1 opt silver.

In late 2019 the first drilling program on the property was conducted by Frederick PEC, with a total of 2,111.5 feet of core drilling being completed in 12 holes sited east and west along strike from the headframe of the former St. Lawrence mine. The holes were designed to test the depth, extent, thickness, and grade of the vein system that was worked previously on at least two levels from an inclined shaft at the headframe. In addition, geologic mapping was conducted as well as surface sampling of veins, wall rocks and dumps.

Nine vein intercepts containing significant Gold (“Au”) and silver (“Ag”) values were cut by drill holes as shown in the Table below. Intercepts included a high value of 34.4 grams per metric tonne (“g/T”) Au and 130.5 g/T Ag over 0.61 meters. Highlights of the program, conclusions and recommendations are:

**Highlights of the Program, Conclusions and Recommendations:**

- Nine (9) vein intercepts were encountered ranging from 0.21 meters in core width to 2.8 meters and an average thickness of 1.17 meters.
- Average weighted values for the 9 intercepts was 4.94 g/T Au and 65.35 g/T Ag.
- The 34.4 g/T Au intercept was encountered 40 meters down the dip of the veins from the 150 Level of the old workings demonstrating both the potential for grade and the potential at depth.
- The 34.4 g/T Au intercept was encountered at the western limit of the 2019 drill pattern and should be tested for the potential of a high-grade ore shoot based on that drill result and recent geologic mapping.
- An untested mineralized fault zone east of the mine was identified through geologic mapping and is coincident with the strongest VLF geophysical response on the property. This is a high priority drill target.
- Drilling in 2019 tested only 150 meters of the approximately 1,100 meters of known strike length along the SBSL vein system. Additional geologic mapping, surface sampling and drilling is recommended along the undrilled sections of the veins.
- Several of the holes, including SL 19-4C and SL 19-12C below, intercepted additional veins that do not appear to correlate with the two veins in the historical workings, opening the possibility of a multiple-vein system.

The table below shows weighted average gold and silver grades and thicknesses for nine vein intercepts encountered in the 2019 drilling program that have a weighted average grade, including internal waste, greater than 1 g/T gold. Several holes intersected voids or historic workings where the vein was projected to be and therefore returned no result but demonstrated that the historical workings are more extensive than previously recognized.

Intercept ID	From (m)	To (m)	Interval (m)	Au grams/metric Tonne	Ag grams/metric Tonne	Host*
SL19-1C	15.5	16.5	0.91	2.7	106.0	qvbX
SL19-2C	17.2	17.8	0.61	2.0	32.0	qfg-qvbX
SL19-4C-1	39.2	41.3	2.1	3.3	40.6	Qv
SL19-4C-2	47.2	49.1	2.0	2.3	57.6	qv-qfg
SL19-5C	47.5	50.3	2.8	2.1	23.0	Qv
SL19-10C-1	42.9	43.3	0.40	11.9	276.0	Qv
SL19-10C-2	47.5	48.4	0.94	4.2	111.0	Qv
SL19-12C-1	44.7	44.9	0.21	6.1	79.0	Qv
SL19-12C-2	48.5	49.1	0.61	34.4	130.5	Qv

\* Qv = Quartz Vein; QvbX = quartz vein breccia; qfg = quartzfeldspathic gneiss

These vein intercepts also reported strong anomalous base metal values up to 460 ppm copper, 2060 ppm Zinc, and 7400 ppm lead.

## **RIVER STAGE PROPERTY, ONTARIO, CANADA**

The Company allowed its option on the River Stage Property, Rainy River, Ontario to lapse rather than make a final \$25,000 CDN option payment due in May 2019 under an option to purchase agreement on the property. The Company has no further interest in the property.

### **FINANCINGS**

During the year, the Company closed three private placements.

1) On March 15, 2019, the Company issued 1,062,625 units at \$0.10 CDN per unit for proceeds of \$106,062 CDN (\$80,729 USD). Each unit consists of one common share and one share purchase warrant exercisable for three years. Each warrant entitles the holder to purchase one share at a price of \$0.15 CDN up to March 15, 2022.

2) On July 12, 2019, the Company issued 733,529 units at \$0.10 CDN per unit for proceeds of \$73,353 CDN (\$55,390 USD). Each unit consists of one common share and one share purchase warrant exercisable for three years. Each warrant entitles the holder to purchase one share at a price of \$0.15 CDN up to July 12, 2022.

3) On September 19, 2019, the Company issued 5,233,025 units at CDN\$0.10 per unit for proceeds of CDN\$523,303 (\$388,338 USD). Each unit consists of one common share and one common share purchase warrant exercisable for three years. Each warrant entitles the holder to purchase one share at a price of \$0.15 CDN up to September 19, 2022.

### **CORPORATE**

#### **Warrants and Options**

During the year, the Company modified the expiry times of certain outstanding warrants of the Company as follows:

- a. 1,450,000 warrants exercisable at a price of CDN\$0.10 until April 22, 2019 are now exercisable until April 22, 2021;
- b. 1,200,000 warrants exercisable at a price of CDN\$0.10 until June 10, 2019 are now exercisable until June 10, 2021;
- c. 5,926,821 warrants exercisable at a price of CDN\$0.10 until August 5, 2019 are now exercisable until August 5, 2021;
- d. 3,636,364 warrants exercisable at a price of CDN\$0.10 until December 21, 2019 are now exercisable until December 21, 2021;
- e. 886,667 warrants exercisable at a price of CDN\$0.12 until December 29, 2019 are now exercisable until December 29, 2021.

During the year, the Company granted a total of 2,700,000 incentive stock options to directors and consultants of the Company. These options are exercisable over 5 years at an exercise price of \$0.10. 1,050,000 of these stock options replace 1,050,000 stock options exercisable at \$0.065 that expired May 29, 2019.

#### **Corporate Activity Subsequent to the Year End**

Subsequent to the year ended December 31, 2019, the Company received proceeds of CDN\$227,870 for units to be issued with an ascribed value of CDN\$0.075 per unit. Each unit consists of one common share and one common share purchase warrant exercisable for three years. Each warrant entitles the holder to purchase one common share at a price of CDN\$0.125.

## OVERALL PERFORMANCE

In summary the Company's financial condition has changed over the twelve months ended December 31, 2019. Working capital deficiency decreased by \$69,680 from (\$350,341) at December 31, 2018 to (\$280,661) at December 31, 2019. The difference is mainly attributable to changes in:

- a. Administrative costs;
- b. Exploration activity;
- c. Revaluation of foreign currency warrants;
- d. Revaluation of derivative liability;
- e. Stock-based compensation.

## SELECTED ANNUAL INFORMATION

The following table provides selected financial information and should be read in conjunction with the Company's Consolidated Financial Statements for each respective year.

	Year Ended Dec. 31, 2019	Year Ended Dec. 31, 2018	Year Ended Dec. 31, 2017
	\$	\$	\$
Revenue	Nil	Nil	Nil
Income (loss) for the year	(316,103)	(394,059)	(717,600)
Net income (loss) per share (1)	(0.004)	(0.005)	(.011)
Total assets	146,978	205,492	285,263
Long-term debt -convertible debenture	75,427	58,449	45,291
Long-term debt -derivative conversion liability - debenture	125,100	180,436	158,649
Long-term debt -derivative conversion liability – foreign currency warrants	831,794	921,244	1,065,985
Dividends per share	Nil	Nil	Nil

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Notes:

- (1) basic and diluted

## **SUBSEQUENT EVENTS**

Refer to the Corporate Activities section above.

## **RESULTS OF OPERATIONS**

For the year ended December 31, 2019 and December 31, 2018, the Company had no revenue. Exploration and claim acquisition and maintenance expenses for the year were \$216,231 compared to \$87,699 during the previous year. The increase in exploration expenditures was mainly due to a drilling program conducted on the Golden Trail Project.

### **Year ended December 31, 2019 Compared to Year ended December 31, 2018**

Operating Revenues: The Company is a mineral exploration company and has no operating revenues.

The Company incurred a net loss of \$316,103 for the year ended December 31, 2019, compared to the year ended December 31, 2018 loss of \$394,059. Much of the 2019 loss is from items such as stock-based compensation resulting from the grant of stock options, the fluctuations in value of the foreign currency warrants, accretion expense or the revaluation of the derivative liability and has no effect on the company's cash position.

Expenses for the year ended December 31, 2019 were \$850,274 an increase of \$194,580 over the amount of \$655,694 for the year ended December 31, 2018.

Expenses incurred during the year were:

- i. Office and administrative costs of \$345,365. (2018-\$403,864);
- ii. Professional Fees of \$107,709. Includes legal and audit fees. (2018-\$67,502);
- iii. Exploration and evaluation expenditures were \$216,231 (2018 - \$87,699);
- iv. \$149,052 of stock-based compensation expense was recognized during the year. (2018 - \$105,428);
- v. Depreciation of \$9,080 (2018 - \$9,080);
- vi. Foreign exchange loss of \$22,837; (2018 - gain \$17,879);
- vii. Gain on revaluation of foreign currency warrants of \$678,824 (2018- gain \$230,417);
- viii. There was a gain of \$233,592 from the reversal of director fees payable; (2018 - gain \$81,650)
- ix. Accretion expense of \$16,978 (2018 - \$13,158);
- x. Gain on revaluation of derivative liability \$55,336 (2018 - loss \$21,787);
- xi. Loss on fair value of warrants extended \$416,603. (2018 - loss \$15,487).

Total assets as at the end of December 31, 2019 were \$146,978 (2018 - \$205,492) and consisted of cash \$52,895 (2018 - \$110,170), HST receivable of \$1,686 (2018 - \$5,761) prepaid expenses of \$18,318 (2018 - \$6,402), equipment \$59,019 (2018 - \$68,099) and reclamation bonds \$15,060 (2018-\$15,060).

Total current liabilities as at December 31, 2019 were \$353,560 (2018 - \$472,674) consisting primarily of trade payables and \$306,151 (2018 - \$398,060) due to directors and officers.

The Company's long-term financial liabilities are a derivative liability for warrants denominated in a foreign currency of \$831,794 (2018 - \$921,244), \$75,427 for a convertible debenture (2018 - \$58,449), and a Derivative Liability for a convertible debenture of \$125,100 (2018 - \$180,436).

There were considerable changes in some line items between the years ended December 31, 2018 and December 31, 2019. During the year ended December 31, 2019, the Company reversed \$233,592 (2018 - \$81,650) of management and director fees owing to directors which were included in accounts payable and accrued liabilities. These management and director fees have been permanently forgiven by the directors. An exploration drilling program on the Golden Trail Project lead to an increase in exploration expenditures. There were changes in: the gain from revaluation of foreign currency warrants which changes based on inputs in the Black-Scholes option pricing model (ie. stock price volatility) and can swing considerably from quarter to quarter; derivative liability; and the fair value of warrants extended. There is no effect on the company's cash position from the fluctuations in value of the foreign currency warrants, fair value of warrants extended, accretion expense or the revaluation of the derivative liability.

The Company has no sales and has never earned revenues with the exception of non-material interest revenue. Raising capital through sales of its common shares funds the Company's exploration operations. The company has also issued convertible debentures.

### **SUMMARY OF QUARTERLY RESULTS**

#### **Three months Ended December 31, 2019 Compared to Three months Ended December 31, 2018**

Operating Revenues: The Company is a mineral exploration company and has no operating revenues.

The Company's net loss for the three months ended December 31, 2019 increased by \$43,985 to (\$316,103). The Company's loss for the three months ended December 31, 2018 increased by \$447,862.

Expenses incurred during the three months ended December 31, 2019 were:

- i. Office and administrative costs of \$77,219. (2018-\$118,656);
- ii. Professional Fees of \$49,534. Includes legal and audit fees. (2018-\$35,926);
- iii. Exploration and evaluation expenditures were \$173,458 (2018 - \$13,602);
- iv. Stock based compensation \$Nil (2018 – Nil);
- v. Depreciation of \$2,270 (2018 – \$2,270);
- vi. Foreign exchange loss of \$10,064; (2018 – gain of \$14,017);
- vii. Gain on revaluation of foreign currency warrants increased by \$175,411 (2018 –decreased \$265,914);
- viii. Gain on reversal of director fees \$233,592 (2018 - \$81,650)
- ix. Accretion expense of \$4,659 (2018 - \$3,610);
- x. Gain on revaluation of derivative liability of \$7,099 during quarter (2018-gain \$48,214);
- xi. Fair value of warrants extended of \$142,883 during quarter (2018 - \$15,487).

There were considerable changes in some line items between the quarters ended December 31, 2018 and December 31, 2019. During the year quarter December 31, 2019, the Company reversed \$233,592 (2018 - \$81,650) of management and director fees owing to directors which were included in accounts payable and accrued liabilities. These management and director fees have been permanently forgiven by the directors. An exploration drilling program on the Golden Trail Project lead to an increase in exploration expenditures. There were changes in: the gain from revaluation of foreign currency warrants which changes based on inputs in the Black-Scholes option pricing model (ie. stock price volatility) and can swing considerably from quarter to quarter; derivative liability; and the fair value of warrants extended. There is no effect on the company's cash position from the fluctuations in value of the foreign currency warrants, fair value of warrants extended, accretion expense or the revaluation of the derivative liability.

## Summary of Quarterly Results

Description	Dec 31/19	Sept 30/19	June 30/19	Mar 31/19	Dec 31/18	Sept 30/18	June 30/18	Mar 31/18
	\$	\$	\$	\$	\$	\$	\$	\$
Sales/Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Income/Loss	(43,985)	(375,129)	61,269	41,742	(447,862)	420,524	56,844	(423,565)
Net Income/Loss Per share – Basic & Diluted	(0.0005)	(0.005)	0.001	0.001	(0.006)	0.006	0.001	(0.006)

## LIQUIDITY

As at December 31, 2019, the Company had cash in the amount of \$52,895 (2018-\$110,170) and current liabilities of \$353,560 (2018-\$472,674). As at December 31, 2019, the Company has a working capital deficiency of \$280,661 (2018 - \$350,341). As a result, the Company has liquidity risk and is dependent on raising capital.

## CAPITAL RESOURCES

For its long-term business objectives, the Company will require funds for ongoing exploration work on its current mineral projects, to work on any other mineral projects that it acquires, as well as to meet its ongoing day-to-day operating requirements and will have to continue to rely on equity and debt financing during such period. There can be no assurance that financing, whether debt or equity, will be available to the Company in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to the Company. The Company does not have any other commitments for material capital expenditures over either the near or long term, and none are presently contemplated other than as disclosed above and/or over normal operating requirements.

The Company is not in default of its obligations on any of its mineral properties at this time.

## OFF BALANCE SHEET ARRANGEMENTS

At April 29, 2020, the Company had no off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

## TRANSACTIONS WITH RELATED PARTIES

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

Related party transactions conducted in the normal course of operations are measured at the exchange value (the amount established and agreed to by the related parties).

Remuneration of Directors and key management of the Company was as follows:

	<u>2019</u>	<u>2018</u>
Management and director fees (i)	<u>\$261,248 (ii)</u>	<u>\$263,007 (i)</u>

(i) Included in office and administrative costs in the consolidated statements of loss and comprehensive loss.

Other related party balances are listed below:

- (a) Included in accounts payable and accrued liabilities is \$306,151 (2018 - \$398,060) of amounts owing to directors of the Company for management and director fees.
- (b) During the year ended December 31, 2019, the Company reversed \$233,592 of management and director fees owing to directors which were included in accounts payable and accrued liabilities. These management and director fees have been permanently forgiven by the directors.

### **PROPOSED TRANSACTIONS**

There are no transactions proposed at this time other than as disclosed herein.

### **ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES**

#### **Accounting Policies**

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Committee.

The significant accounting policies of the Company are summarized in Note 2 to the Company's financial statements.

#### **Critical Accounting Estimates**

The Critical Accounting Estimates of the Company are discussed in Note 2 to the Company's financial statements.

#### **Financial Instruments**

The Financial Instruments of the Company are discussed in Note 2 to the Company's financial statements.

### **ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE**

Additional disclosure concerning the Company's: (a) capitalized or expensed exploration and development costs; (b) expensed research and development costs; (c) deferred development costs; (d) general and administrative expenses; and (e) any material costs, deferred or expenses, not already referred to in this MD&A is provided in the Company's Condensed Interim Consolidated Financial Statements and its Audited Consolidated Financial Statements for the year ended December 31, 2019, which can be accessed on SEDAR under the Company's profile page at [www.sedar.com](http://www.sedar.com).

### **DISCLOSURE OF OUTSTANDING SHARE DATA**

The Company's authorized share capital consists of unlimited common shares without par value.

Issued and outstanding: December 31, 2019 – 84,621,354;

Issued and outstanding: April 29, 2020 (date of this report) – 84,621,354

Warrants outstanding: December 31, 2019 – 35,008,209

Warrants outstanding: April 29, 2020 – 35,008,209

The warrants expire between June 2020 and September 2022 and have a weighted average exercise price of CDN \$0.1142 per share.

Options outstanding: December 31, 2019 – 7,250,000

Options outstanding: April 29, 2020 – 7,250,000

The options expire between February 2022 and June 2024 and have a weighted average exercise price of CDN \$0.1027 per share.

### **Dividend Policy**

No dividends have been paid on any shares of the Company since the date of its incorporation, and it is not contemplated that any dividends will be paid in the immediate or foreseeable future.

### **Controls and Procedures**

Management is responsible for the design of internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards. Based on a review of its internal control procedures at the end of the period covered by this MD&A, management believes its internal controls and procedures, for the nature and size of the entity, are effective in providing reasonable assurance that financial information is recorded, processed, summarized and reported in a timely manner.

Management is also responsible for the design and effectiveness of disclosure controls and procedures to provide reasonable assurance that material information related to the Company, is made known to the Company's certifying officers. Management has evaluated the effectiveness of the Company's disclosure controls and procedures and has concluded that these controls and procedures are effective, for the nature and size of the entity, in providing reasonable assurance that material information relating to the Company is made known to them by others within the Company.

### **Litigation**

The Company is not a party to any litigation.

### **COVID-19**

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Corporation and its operating subsidiaries in future periods.

## **Risks Associated with Exploration and Mining Operations**

The exploration of mineral properties involves a high degree of risk which cannot be avoided despite the experience, knowledge and careful evaluation of prospective properties by management. There can be no assurance commercial quantities of ore will be discovered on the Company's mineral properties. Even if such commercial quantities are subsequently discovered by the Company's exploration efforts, there can be no assurance such properties can be brought in to commercial production. Operations may be subject to disruption due to weather conditions, labour unrest or other causes beyond the control of the Company. Hazards such as unexpected formations, pressures, flooding, or other conditions over which the Company does not have control may be encountered and may adversely affect the Company's operations and financial results.

## **Environmental Risks**

Environmental legislation is continuing to evolve such as will require strict standards and enforcement, increased fines and penalties for non-compliance, more stringent assessment of proposed projects and a greater degree of corporate responsibility. There can be no assurance that current requirements and future changes to environmental legislation may not adversely affect the Company's operations.

## **Mineral Market**

The market for minerals is subject to factors beyond the Company's control, such as market price fluctuation, currency fluctuation and government regulation. The effect of such factors cannot be accurately calculated. The existence of any or all such factors may restrict the access to a market, if same exists, for the sale of commercial ore which may be discovered.

## **Funding Requirements**

In order to move forward with its exploration activities, the Company will require additional funding. There can be no guarantee that such funds will be available as and when required or, if available, be accessible on reasonable commercial terms.

## **Reliance on Management**

The Company anticipates that it will be heavily reliant upon the experience and expertise of management with respect to the further development of the mineral properties. The loss of any one of their services or their inability to devote the time required to effectively manage the affairs of the Company could materially adversely affect the Company.

## **Auditors, Transfer Agent and Registrar**

The auditors of the Company are RSM Canada LLP, of Toronto, Ontario. The Transfer Agent and Registrar for the Common Shares of the Company is TMX Equity Transfer Services in Toronto, Ontario.

## **Forward Looking Statements**

Certain statements contained in this document constitute "forward-looking statements". When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", "forecast", "estimate", "expect" and similar expressions used by any of the Company's management, are intended to identify forward-looking statements. Such statements reflect the Company's internal projections, expectations, future growth, performance and business prospects and opportunities and are based on information currently available to the Company. Since they relate to the Company's current views with respect to future events, they are subject to certain risks, uncertainties and assumptions. Many factors

could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Company does not intend, and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments except as required by law or by CSE policies.