



# **GETCHELL**

**GETCHELL GOLD CORP.**

**MANAGEMENT'S DISCUSSION & ANALYSIS**

**FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2019**

## **GETCHELL GOLD CORP.**

### **Management's Discussion & Analysis**

Six Months Ended September 30, 2019

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#### **Introduction**

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of Getchell Gold Corp. ("Getchell" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the six months ended September 30, 2019. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 - Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual financial statements of the Company for the fifteen months ended March 31, 2019, as well as the unaudited condensed interim financial statements for the six months ended September 30, 2019, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. The results for the interim period presented are not necessarily indicative of the results that may be expected for any future period.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Getchell's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

The effective date of this report is November 28, 2019.

#### **Forward Looking Information**

Certain information regarding the Company within Management's Discussion and Analysis ("MD&A") may include "forward-looking statements" within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical facts, included in this MD&A that address activities, events or developments that the Company expects or anticipates will or may occur in the future, including such things as future business strategy, goals, expansion and growth of the Company's business, plans and other such matters are forward- looking statements. When used in this MD&A the words "estimate", "plan", "anticipate", "expect", "intend", "believe" and similar expressions are intended to identify forward-looking statements. Such statements by their nature involve certain risks and uncertainties that could cause actual results to differ materially from those contemplated by such statements. The Company considers the assumptions on which these forward-looking statements are based to be reasonable at the time they were prepared, but cautions the reader that these assumptions regarding future events, many of which are beyond the control of management, may ultimately prove to be incorrect. The reader should not rely solely on these forward-looking statements.

#### **Overview**

The Company and Buena Vista Gold Inc. ("BVG") entered into an Arrangement Agreement on November 11, 2017, pursuant to which the Company acquired all of the issued and outstanding common shares of BVG in exchange for common shares of the Company, on a one to one basis (the "Transaction"). In addition, each outstanding option and/or warrant to acquire BVG's common shares became exercisable for one common share of Getchell Gold Corp. The Transaction was carried out by way of a plan of arrangement (the "Agreement"), pursuant to which the BVG became a wholly-owned subsidiary of the Company.

As a result of the Transaction, Getchell Gold Corp., as the "Resulting Issuer," continued on with the business of the Company under the name "Getchell Gold Corp."

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On November 6, 2018, the Company completed the Transaction and the common shares of the Resulting Issuer were listed on the Canadian Securities Exchange ("CSE") and began trading on December 3, 2018, under the symbol "GTCH". Trading was halted on December 18, 2018 when the Company became aware that the former Wabi Exploration Inc. ("Wabi") shares were trading on a pre-consolidation basis between December 3, 2018 and December 18, 2018 (the "Trading Period"), not on a 1 for 6 basis as required by the Agreement – see press releases dated January 6, 2019 and January 14, 2019. The former Wabi shares were consolidated prior to the resumption of trading on January 21, 2019. This consolidation negatively affected buyers of common shares in the Company during the Trading Period by consolidating their purchases on a 1 for 6 basis.

The Company participated in numerous formal discussions with various investment industry participants and regulators, including the Canadian Depository for Securities (CDS), the Canadian Securities Exchange (CSE), Capital Transfer Agency (CTA), Ontario Securities Commission (OSC), Investment Banks, Investment Advisors and shareholders, in an effort to find a resolution. After careful consideration, and with the support of CDS, CSE and OSC, Getchell determined that the best option was to issue shares for distribution to buyers of shares during the Trading Period. The Board of Directors approved the issuance of up to 1,399,402 common shares (or 4.88% of current issued and outstanding shares). However, as the process of distributing unfolded during the six months ended September 30, 2019, it was determined that only 1,057,956 common shares were required to be issued. An additional 97,500 shares were returned to the Company after the reconciliation of a brokerage house account. These shares were cancelled. While there is a dilutive effect to all shareholders, the Board of Directors believes that this solution is in the best interest of all shareholders and will allow the Company to move forward, raise capital, and advance its exploration assets in an attempt to create value for shareholders.

On July 25, 2019, the Company announced that Mr. Peter Clausi and Mr. Edward Stringer resigned from their respective positions with the Company.

### **Nature of the Business and Overall Performance**

The Company is a Canadian, junior resource exploration company.

During the fifteen months ended March 31, 2019, the Company completed its Arrangement with BVG and became the indirect owner of five mineral properties in Nevada, USA. Please see Acquisition Transaction below for details. This Arrangement fundamentally changed the Company's affairs.

Prior to the Arrangement, the Company held a 0.5% Net Smelter Royalty ("NSR") in the Georgia Lake and Conway Properties located in the Thunder Bay Mining District, Ontario. The NSR was sold as a condition of the Arrangement.

The Company's shares are listed on the Canadian Securities Exchange ("CSE") and are trading under the symbol "GTCH".

Market conditions and uncertainty have an impact on the potential economics of its existing exploration and evaluation projects.

The Company will continue to evaluate its strategic options, potential acquisitions or and may, if conditions are favourable, seek to raise additional funds through a private or public offering of securities or debt as required.

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#### Financing

On May 21, 2019, the Company closed a first tranche of a private placement financing and has issued 5,236,065 Units at \$0.15 per Unit (the "Units") for gross proceeds of \$785,410. Each Unit consists of one common share (a "Share") and one-half share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder to acquire an additional common share at a price of \$0.25 per share until May 17, 2021. The Company also issued 268,333 Compensation Option Units (the "Finders Option") and paid an aggregate of \$39,250 to qualified finders. Each Finders Option is a compensation unit exercisable at \$0.15 per option into one common share and one-half share purchase warrant (each whole warrant, a "Finder's Warrant") for a five-year period. Each Finder's Warrant will be exercisable to acquire an additional common share at \$0.25 per share for a two-year period from the date of exercise of the Finders Option.

On July 12, 2019, the Company closed the final tranche of a private placement financing and has issued 2,453,333 Units at \$0.15 per Unit for gross proceeds of \$368,000. Each Unit consists of one Share and one-half Warrant. Each Warrant entitles the holder to acquire an additional common share at a price of \$0.25 per share until July 12, 2021. The Company also paid an aggregate of \$34,833 to qualified finders and issued 134,222 Finders Options, which have the same terms as the Finders Options issued in the first tranche of the private placement.

On November 5, 2019, the Company announced an offering on a non-brokered private placement basis of up to 10,000,000 units (each a "Unit") at a price of \$0.10 per Unit, for gross proceeds of up to \$1,000,000 (the "Offering"). Each whole warrant will entitle the holder to acquire one additional common share at a price of \$0.14 per share for a period of two years from the date of closing. The Offering also includes an over-allotment option of up to 2,500,000 Units at a price of \$0.10 per Unit, for additional gross proceeds of up to \$250,000.

#### Selected Quarterly Financial Information

The following table sets out the selected financial information for the three months ended:

	Sept 30, 2019	June 30, 2019	March 31, 2019	Dec 31, 2018	Sept 30, 2018
Total assets	\$ 367,968	\$ 760,745	\$ 618,994	\$ 906,587	\$ 757,274
Working capital	\$ 61,426	\$ 371,683	\$ (54,988)	\$ 132,812	\$ 367,268
Net loss for the period	\$ (454,994)	\$ (829,625)	\$ (49,764)	\$ (2,934,738)	\$ (124,084)
Loss per share	\$ (0.01)	\$ (0.03)	\$ (0.00)	\$ (0.11)	\$ (0.01)

  

	Jun 30, 2018	March 31, 2018	Dec 31, 2017	Sept 30, 2017
Total assets	\$ 985,481	\$ 1,196,792	\$ 893,934	\$ 317,774
Working capital	\$ 525,996	\$ 665,140	\$ 364,697	\$ (18,948)
Net loss for the period	\$ (139,184)	\$ (417,853)	\$ (596,359)	\$ (315,547)
Loss per share	\$ (0.01)	\$ (0.02)	\$ (0.04)	\$ (0.01)

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The Company reported no discontinued operations and declared no dividends for any period presented.

## **Results of Operations**

### *General and Administrative*

#### Six months ended September 30, 2019 and 2018

The Company recorded net loss of \$1,284,619 for the six months ended September 30, 2019, compared to a net loss of \$263,268 for the six months ended September 30, 2018. Details of the more significant changes over last year are as follows:

- An increase in exploration and evaluation expenditures to \$743,504 (2018 – \$284,388) was the result of exploration and evaluation fees relate to the work performed on the various Nevada properties.
- An increase in filing fees to \$12,733 (2018 - \$nil) was the result the Company remitting sustaining fees to regulatory authorities for its filing of annual financial statements and increased transfer agent activities related to the private placement.
- A decrease in foreign exchange loss to \$6,625 (2018 – \$22,248) was due to the USD/CAD foreign exchange rate strengthening as at September 30, 2019 which resulted in a foreign exchange gain. Foreign exchange gains or losses result from balances which are held in currencies other than the functional currency of the entity.
- An increase in management and consulting fees to \$239,698 (2018 - \$40,868) was the result of more consulting hours spent on general business matters of the Company during the period compared to the prior period.
- An increase in professional fees to \$113,568 (2018 - \$44,450) was the result of the Company increasing its corporate activity.
- An increase in share-based compensation to \$173,407 (2018 - \$nil) was the result of options being granted in September 2019.

As at September 30, 2019, the Company has cash of \$251,339 (March 31, 2019 - \$513,375), accounts receivable of \$7,013 (March 31, 2019 - \$21,624), prepaid expenses of \$53,602 (March 31, 2019 - \$31,973), accounts payable and accrued liabilities of \$250,528 (March 31, 2019 - \$369,527), warrant liability of \$nil (March 31, 2019 - \$40,844), and obligation to issue shares of \$nil (March 31, 2019 - \$211,591) for total working capital of \$61,426 (March 31, 2019 – working capital deficiency of \$54,988).

#### Three months ended September 30, 2019 and 2018

The Company recorded net loss of \$454,994 for the three months ended September 30, 2019, compared to a net loss of \$124,084 for the three months ended September 30, 2018. Details of the more significant changes over last year are as follows:

- An increase in exploration and evaluation expenditures to \$95,284 (2018 – \$54,348) was the result of exploration and evaluation fees relate to the work performed on the various Nevada properties.
- An increase in filing fees to \$10,060 (2018 - \$nil) was the result the Company remitting sustaining fees to regulatory authorities for its filing of annual financial statements and increased transfer agent activities related to the private placement.

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- A decrease in foreign exchange loss to \$4,799 (2018 – \$47,398) was due to the USD/CAD foreign exchange rate strengthening as at September 30, 2019 which resulted in a foreign exchange gain. Foreign exchange gains or losses result from balances which are held in currencies other than the functional currency of the entity.
- An increase in management and consulting fees to \$102,438 (2018 - \$33,868) was the result of more consulting hours spent on general business matters of the Company during the period compared to the prior period.
- An increase in professional fees to \$60,216 (2018 - \$39,235) was the result of the Company increasing its corporate activity.
- An increase in share-based compensation to \$173,407 (2018 - \$nil) was the result of options being granted in September 2019.

### Liquidity and Capital Resources

This section should be read in conjunction with the unaudited condensed interim financial statements of the Company for the six months ended September 30, 2019, and the corresponding notes thereto.

The Company has total assets of \$367,968 (March 31, 2019 - \$618,994). The primary assets of the Company are cash of \$251,339 (March 31, 2019 - \$513,375), accounts receivable of \$7,013 (March 31, 2019 - \$21,624), prepaid expenses of \$53,602 (March 31, 2019 - \$31,975). The Company has no long-term liabilities and has working capital of \$61,426 (March 31, 2019 – working capital deficiency of \$54,988).

The Company's financial statements have been prepared on a going concern basis, under which the Company is assumed to be able to realize its assets and discharge its liabilities in the normal course of operations. The Company currently has no revenue to finance its operations. It is therefore required to fund its activities through the issuance of equity securities and other financing alternatives. The Company's ability to continue as a going concern is therefore dependent upon its ability to raise funds. The Company has not yet realized profitable operations and has incurred significant losses to date resulting in a cumulative deficit of \$10,773,124. As at September 30, 2019, the Company had cash of \$251,339 to settle current liabilities of \$250,528.

To continue operations and to fund future obligations, the Company will be required to raise funds through equity or other financing alternatives. Recent global economic conditions and market uncertainty may have an impact on the Company's ability to raise funds through the equity markets. Management believes that there are sources of financing available. There can be no assurance that the Company will be successful in its future fund-raising activities.

The Company relies on the issuance of equity securities and alternative sources of financing, if required, to maintain adequate liquidity to support its ongoing working capital commitments. The following table is a summary of quantitative data about what the Company manages as capital:

	September 30, 2019	March 31, 2019	Change
Cash	\$ 251,339	\$ 513,375	\$(262,036)
Share capital	\$ 10,208,618	\$ 9,095,269	\$1,113,349
Deficit	\$ (10,773,124)	\$ (9,488,505)	\$(1,284,619)

The Company monitors these items to assess its ability to fulfill its ongoing financial obligations, including its flow-through obligations, and its exploration program.



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#### Mineral Property Interests

Getchell Gold holds a 100% interest in the Star projects located in Pershing County Nevada, USA. A portion of the Star Point claim group is subject to a mining lease agreement between RS Gold, LLC, the "Owner" dated June 26, 2010 and amended on May 1, 2015. The remainder of the Star claim group is controlled via staking.

During the periods, the Company attempted to renegotiate the terms of the BV South, French Boy and Gold Knob mining leases but did not receive satisfactory renewal terms from the Lessors. Consequently, the mining leases were not renewed. The Star Point mining lease was renewed in June 2019.

#### Star Point

The leased portion of the Star Point claim group is subject to a mining lease agreement, the key provisions of which are as follows:

Term: Original term 10 of years ending June 26, 2020 may be extended for an additional 10 years, or so long thereafter as there are mining/processing activities, or reclamation/closure activities.

Advance Minimum Royalties: Advance pre-production royalties deductible from future production royalties are payable as follows:

1st Anniversary of signing US\$40,000 (paid)  
all subsequent Anniversaries US\$50,000 (paid to date)  
The AMR payments were temporarily amended and reduced to US\$5,000 in 2015 and US \$10,000 in 2016 (paid)  
In 2017 the AMR payments returned to US\$50,000 per year (paid)  
2018 AMR (paid)  
2019 AMR (paid)

Production Royalties: A sliding-scale gold NSR royalty and 3% gross royalty on other metals is payable to the owners on production proceeds.

Price of Gold	NSR
<US\$800/Troy oz.	3%
US\$800.01 to US\$1,500 oz.	4%
>US\$1,500.01 oz.	5%

Royalty Buy-out Provision: The Company may purchase up to a 2% NSR for US\$1,250,000 per point, with provision for purchase of an additional 1% NSR if the gold price is above US\$1,500/oz. The Owner's NSR cannot be less than 1% after the buy-out.

During 2018 the Company staked and recorded an additional 60 claims adjacent to Star Point and subsequently staked an additional 63 claims to the south of Star Point which were recorded in the 4th quarter of 2018. The staking of the additional 63 claims gives the Company a continuous claim package from the northern end of Star Point to the southern end of BV South.

In March of 2018 the Company completed an airborne magnetic survey on the Star property as part of the process for targeting a variety of mineralization types including intrusive related copper and copper-gold mineralization and Carlin Style gold mineralization. The survey consisted of flying 518 line kilometers with flight lines on 75 meter

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spacing and tie lines on 375 meter spacing. Ground follow-up investigation of the magnetic patterns consisting of sampling, mapping and characterization of mineral system types was applied to designing the follow-up IP-Resistivity Survey. The magnetic survey identified a new target (HS Canyon) south of Star Point that was not controlled by the Company which was subsequently staked as noted above. The IP-Resistivity survey was designed to cover the Star Point and Star South areas as well as the newly identified HS Canyon target. The survey was conducted in October and interpretation completed in November. The IP-Resistivity survey data was layered into the magnetic and radiometric data, magnetic and radiometric data the gravity data, geological mapping and geochemistry and drill data to target future drilling. A press release was issued January 21, 2019 detailing the methodology, the targets identified and outlined a proposed drill plan to test the targets.

#### **Hot Springs Peak**

The Hot Springs Peak property consists of unpatented lode mining claims in the northern Hot Springs range in northern Nevada.

In August 2017, the Company purchased 88 claims in Nevada, USA from Dutch Flats Gold Inc., a company related through common director and ownership, in exchange for 626,091 common shares and settlement of \$90,071 for amounts due by Dutch Flats Gold Inc. to BVG. An additional 16 claims were staked in fiscal 2017. In addition, there were 4 claims leased from a private owner.

In 2019 an additional 87 claims were staked and recorded. The 4 leased claims expired in the first quarter of 2019 and the lease has not yet been renegotiated. The Company renewed 167 Hot Springs Peak claims on August 20, 2019.

The Company conducted additional geophysical surveys at HSP in January of 2018 consisting of an Induced Polarization (IP) / Resistivity Survey of 7 lines and approximately 12.6 kilometers of total line length to detect potential concealed sulfide mineralization and silicification. Dipole-Dipole spacings were set at 75m, 150m and 250m to reach depths of 150-500 meters for high quality data collection. The results of these surveys were interpreted and included in a news release dated April 3, 2018. Based on the results of field work and the geophysical surveys conducted in 2017 and 2018 the Company designed a drill program to test the geophysical responses. The Company has completed the process of permitting and bonding this drill program.

In November 2018 the Company commenced a 4-hole reverse circulation exploration program totalling 1,212 meters (3,735 feet) which was completed in December of 2018. The initial results from the drilling were released in a press release dated December 12, 2018. At that time assay results were pending. The complete set of assay results were received in early January and interpretation of these results commenced. A press release was issued on February 25, 2019 detailing the results. The highlights of the drill results from the press release stated that:

The first hole drilled on the project encountered Carlin Style alteration with anomalous gold, ranging up to 0.155 ppm, and pathfinder elements of arsenic, mercury and antimony in numerous intervals. Hole conditions ended the drilling at the top of the strongest geophysical anomaly (resistivity) on the property in silicified pyritic breccia. The QP states that "a very large alteration system has been encountered in the lower 100 meters of the hole before drill hole stability forced the termination of drilling at 350 meters depth and before reaching the main target zone at 500 meters. The results from this initial drill hole warrant a full test of the target in 2019".

A follow-up drill program was commenced in April of 2019 and completed in May. The drill program consisted of two drill holes; one reverse circulation angle hole totaling 274 meters (HSP-RC5) and a 783 meter deep core hole. The two holes form part of the planned Phase 2 exploration drill program and represent a follow up to the Phase 1 four-hole program described above.

On August 7, 2019, the Company provide an update on the drilling and assay results and discovered a previously



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unknown, 26 meter gold-arsenic zone at HSP which is indicative of a mineralized cap sourced from a deeper Carlin Style target through "leakage" structures.

**Qualified Person and QA/QC**

Timothy Master P.Ge, a qualified person as defined by NI 43-101 and author of the NI 43-101 Report on the HSP Property completed in June of 2017, has reviewed the scientific and technical information that forms the basis for the disclosure regarding the Company's properties in this MD&A and has approved the disclosure herein. Mr. Master is independent of the Company.

**Expenditures**

Exploration and evaluation expenditures for the six months ended September 30, 2019 were as follows:

	<b>Star Point \$</b>	<b>Hot Springs Peak \$</b>	<b>Total \$</b>
Acquisition and lease payments	-	-	-
Claims Fees	46,867	39,304	86,171
Geologist	2,842	58,463	61,305
Geophysics	-	-	-
Laboratory fees	-	76,347	76,347
Drilling	-	433,934	433,934
Royalty payments	66,455	-	66,455
Other fees	218	19,074	19,292
	<b>116,382</b>	<b>627,122</b>	<b>743,504</b>

Exploration and evaluation expenditures for the fifteen months ended March 31, 2019 were as follows:

	<b>Gold Knob \$</b>	<b>French Boy \$</b>	<b>Star Point \$</b>	<b>BV South \$</b>	<b>Hot Springs Peak \$</b>	<b>Total \$</b>
Acquisition and lease payments	-	-	-	-	2,344	2,344
Claim Fees	31,754	4,802	97,616	29,814	96,750	260,736
Geologist	-	-	54,792	3,126	87,922	145,840
Geophysics	-	-	110,749	-	63,515	174,264
Laboratory fees	-	-	-	-	69,792	69,792
Drilling	-	-	-	-	323,529	323,529
Royalty payments	65,120	-	65,120	65,120	-	195,360
Other fees	-	-	2,449	-	5,303	7,752
	<b>96,874</b>	<b>4,802</b>	<b>330,726</b>	<b>98,060</b>	<b>649,155</b>	<b>1,179,617</b>
General						426
						<b>1,180,043</b>

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#### **Critical Accounting Estimates**

The preparation of the unaudited condensed interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These unaudited condensed interim financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the unaudited condensed interim financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the going concern, title to mineral property interests, functional currency, determination of control in the Transaction and RTO, share-based payments, income taxes and recoverability of potential deferred tax assets, contingencies, and fair value of consideration.

#### **New Standards Adopted by the Company**

IFRS 16 Leases ("IFRS 16") was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and cumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease.

The Company analyzed its contracts to identify whether they contain a lease arrangement for the application of IFRS 16. No such contracts were identified, and as a result, the adoption of IFRS 16 resulted in no impact to the opening retained earnings on April 1, 2019.

The following is the Company's new accounting policy for leases under IFRS 16:

#### **Leases**

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control an identified asset for a period of time in exchange for consideration.

Leases of right-of-use assets are recognized at the lease commencement date at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, and otherwise at the Company's incremental borrowing rate. At the commencement date, a right-of-use asset is measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

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Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term, except where the lease contains a bargain purchase option a right-of-use asset is depreciated over the asset's useful life.

### Related Party Transactions

During the six months ended September 30, 2019, the Company entered into the following transaction with related parties and paid or accrued the following amounts:

Name	Relationship	Purpose of Transaction	Six Months Ended
Brant Capital Partners Inc.	Former CFO of the Company	Rent	\$2,000
Maplegrow Capital Inc.	Former CEO and President and currently a Director	Management services rendered	\$9,682
Mike Sieb	Director	Director fees and share-based compensation	\$36,712
Minergy Group LLC	CEO of the Company and Director	Management services rendered and share-based compensation	\$94,345
Stephen Goodman	CFO of the Company and Director	Management services rendered and share-based compensation	\$94,345

For additional details of related party activity, please refer to Note 7 of the September 30, 2019 unaudited condensed interim consolidated financial statements.

### Off-Balance-Sheet Arrangements

As of the date of this MD&A, the Company does not have any off balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity, capital expenditures and capital resources that would be material to investors.

### Subsequent Events

#### Binding Letter Agreement

On October 17, 2019, the Company has executed a binding letter agreement (the "BLA") with Canarc Resources Corp. ("Canarc"), which holds numerous gold properties in Nevada and the western USA, whereby the Company will have the option to acquire 100% of the Fondaway Canyon and Dixie Comstock properties located in Churchill County Nevada. Under the terms of the BLA, the Company can acquire 100% of the projects at any time on or before the 4th anniversary of the agreement by paying Canarc US\$2.0M in cash and US\$2.0M in the Company's shares less any previous cash and share payments made under the agreement and granting Canarc a 2% NSR in

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the Fondaway Canyon and Dixie Comstock projects (1% of the NSR can be bought out for US\$1,000,000 on each project).

Payment terms:

- At signing of the full agreement – US\$100,000 in cash and US\$100,000 in shares
- 1st Anniversary – US\$100,000 in cash and US \$200,000 in shares
- 2nd Anniversary – US\$100,000 in cash and US \$300,000 in shares
- 3rd Anniversary – US\$100,000 in cash and US \$400,000 in shares

Work commitments:

- Year 1 – US\$300,000
- Year 2 – US\$400,000
- Year 3 – US\$500,000
- Year 4 – US\$250,000

#### Offering

On November 5, 2019, the Company announced an offering on a non-brokered private placement basis of up to 10,000,000 units (each a "Unit") at a price of \$0.10 per Unit, for gross proceeds of up to \$1,000,000 (the "Offering"). Each whole warrant will entitle the holder to acquire one additional common share at a price of \$0.14 per share for a period of two years from the date of closing. The Offering also includes an over-allotment option of up to 2,500,000 Units at a price of \$0.10 per Unit, for additional gross proceeds of up to \$250,000.

#### Warrant Repricing

On November 4, 2019, the Company intends to seek approval from the warrant holders to reprice and extend the expiry date of an aggregate of 4,601,250 outstanding share purchase warrants expiring on December 31, 2019 pursuant to a financing that closed on December 18, 2017. The warrants will be repriced from US\$0.40 to C\$0.25 and the expiry date extended to December 31, 2020. All other terms of the warrants will remain unchanged.

### **Financial Instruments and Other Instruments**

The Company's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, and warrant liability. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

### **Outstanding Share Data**

As of the date of this MD&A, the Company has 37,340,464 common shares issued and outstanding as well as: (a) stock options to purchase an aggregate of 3,446,667 common shares expiring at various dates between November 2021 and September 2024 and exercisable at prices between \$0.08 per common share and \$0.42 per common share, (b) compound options to purchase an aggregate of 612,954 units expiring at various dates between November 2023 and July 2024 and exercisable at prices between \$0.15 per unit and \$0.45 per unit, (c) share purchase warrants to purchase an aggregate of 10,975,606 common shares expiring at various dates between December 31, 2019 and July 22, 2022 and exercisable at prices between \$0.25 and \$0.51. For the warrants which expire December 31, 2019 were originally set to expire on September 11, 2018, the expiry date of those warrants were extended to December 31, 2019.

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For additional details of share data, please refer to Note 8 of the September 30, 2019 unaudited condensed interim consolidated financial statements.

#### **Capital Management**

The Company's objectives when managing capital are as follows:

- i) To safeguard the Company's ability to continue as a going concern;
- ii) To raise sufficient capital to finance its exploration and development activities on its mineral exploration properties;
- iii) To raise sufficient capital to meet its general and administrative expenditures.

The Company manages its capital structure and makes adjustments to it based on the general economic conditions, its short term working capital requirements, and its planned exploration and development program expenditure requirements. The capital structure of the Company is comprised of shareholders' equity which includes share capital, warrants, contributed surplus and deficit. The Company may manage its capital by issuing flow through or common shares, or by obtaining additional financing.

The Company utilized annual capital and operating expenditure budgets to facilitate the management of its capital requirement. These budgets are approved by management and updated for changes in the budgets underlying assumptions as necessary.

There were no changes in the Company's approach to managing capital during the period.

#### **Risks and Uncertainties**

##### Liquidity and Additional Financing

The Company has limited financial resources and no current revenues. There can be no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfill its obligations under applicable agreements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could cause the Resulting Issuer to reduce or terminate its operations.

##### Regulatory Requirements

Even if the Company's properties are proven to host economic reserves of gold or other precious or non-precious metals, factors such as governmental expropriation or regulation may prevent or restrict mining of any such deposits. Exploration and mining activities may be affected in varying degrees by government policies and regulations relating to the mining industry. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, environmental legislation and mine safety.

##### Reliance on Key Personnel

The Company is dependent on a relatively small number of key people, the loss of any of whom could have an adverse effect on its operations. The Company does not carry any key man insurance.

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#### Conflicts of Interest

The directors and officers of the Company may serve as directors or officers of other public resource companies or have significant shareholdings in other public resource companies. Situations may arise in connection with potential acquisitions and investments where the other interests of these directors and officers may conflict with the interest of the Company. In the event that such a conflict of interest arises at a meeting of the directors of the Company, a director is required by the *Business Corporations Act* (Ontario) to disclose the conflict of interest and to abstain from voting on the matter.

From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the company making the assignment. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

#### Share Price Volatility

Recently, securities markets in North America have experienced a high level of price and volume volatility, and the market price of many companies, particularly those considered exploration and development stage companies, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that significant fluctuations in the trading price of the Company's common shares will not occur, or such fluctuations will not materially adversely impact on the Company's ability to raise equity capital without significant dilution to its existing shareholders, or at all.

#### General Economic Conditions

Recent events in the global financial markets have had a significant impact on the global economy. Many industries, including the gold and base metal mining industry, are impacted by these market conditions. A continued or more profound slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending/confidence, employment rates, business conditions, inflation, fuel and energy, consumer debt levels, lack of available credit, the state of the financial markets, sovereign debt issues, interest rates, and tax rates may adversely affect the Company's growth and profitability.

More specifically, the global credit/liquidity crisis could impact the cost and availability of financing and the Company's overall liquidity, and the devaluation and volatility of global stock markets impacts the valuation of the Company's common shares, which may impact the Company's ability to raise funds through the issuance of equity securities.

#### Financial Resources

The Company does not presently have sufficient financial resources to undertake by itself the exploration and development of all of its planned exploration and development programs. Future property acquisitions and the future exploration/development of the Company's properties will therefore depend upon the Company's ability to obtain financing through the joint venturing of projects, private placement financing, public/private financing, or other means. There is no assurance that the Company will be successful in obtaining the required financing. Failure to raise the required funds could result in the Company losing, or being required to dispose of, its interest in its properties.



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#### Dilution

The Company may require additional equity financing to be raised in the future. The Company may issue securities on less than favourable terms to raise sufficient capital to fund its business plan. Any transaction involving the issuance of equity securities or securities convertible into common shares would result in dilution, possibly substantial, to present and prospective holders of common shares.

#### Foreign Currency

The Company operates in Canada and United States. Future exploration programs may be denominated in U.S. dollars. Foreign exchange risk arises from purchase transactions as well as financial assets and liabilities denominated in these foreign currencies. The Company does not use derivative instruments to hedge exposure to foreign exchange rate risk. However, management of the Company believes there is no significant exposure to foreign currency fluctuations.

#### **Commitments and Contingencies**

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

#### **Disclosure Controls and Procedures**

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the condensed interim consolidated financial statements for the six months ended September 30, 2019 and this accompanying MD&A (together, the "Interim Filings").

In contrast to the full certificate under NI 52-109 the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information, the reader should refer to the Venture Issuer Basic Certificates filed by the Company with its filings on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **Additional Information**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).