Overview

The following covers the operations of Four Nines Gold Inc. (the "Company" or "Four Nines") for the six months ended July 31, 2019 prepared as of September 30, 2019. This management discussion and analysis ("MD&A") should be read in conjunction with the Company's condensed interim financial statements for the six months ended July 31, 2019 and related notes and the audited financial statements for the year ended January 31, 2019 and related notes. These documents are available for viewing on SEDAR at www.sedar.com. All dollar amounts therein and in the following MD&A are in Canadian dollars unless otherwise indicated. These financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

Forward-Looking Statements

This MD&A contains certain statements that may be deemed "forward-looking statements". All statements in this MD&A, other than statements of historical fact, that address exploration drilling, exploitation activities and events or developments that the Company expects to occur, are forward-looking statements. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur. Information inferred from the interpretation of drilling results and information concerning mineral resource estimates may also be deemed to be forward-looking statements, as it constitutes a prediction of what might be found to be present when and if a project is actually developed. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in the forward - looking statements. Factors that could cause the actual results to differ materially from those in the forward-looking statements include market prices, exploitation and exploration successes, and continued availability of capital and financing, and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. Forward-looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made. The Company undertakes no obligation to update these forward-looking statements in the event that management's beliefs, estimates or opinions, or other factors, should change beyond the procedures required under applicable securities laws.

Description of Business

The Company is a junior resource company engaged in the acquisition, exploration and development of gold properties in the Yukon, Canada. The Company was incorporated on March 19, 2015 under the name "Hornby Acquisition Ltd." pursuant to the *Business Corporations Act* (British Columbia). On April 20, 2016, the Company changed its name to "Eureka Dome Gold Inc." and on November 30, 2016 the Company changed its name to "Four Nines Gold Inc.".

On August 24, 2017; the Company completed its initial public offering ("IPO") of 7,500,000 units (post-consolidation 1,500,000) (the "Units"), each Unit compromising one common share of the Company and one-half common share purchase warrant (each whole warrant, a "Warrant") of the Company, at a price of $0.10 (post-consolidation $0.50) per Unit for gross proceeds of $750,000 (the "Offering") with each Warrant exercisable into one share for a period of 24 months following the closing of the Offering at a price of $0.20 (post-consolidation $1.00) in the first year and $0.30 (post-consolidation $1.50) in the second year. The Company commenced trading on the CSE on August 31, 2017 under the symbol "FNAU".

On October 22, 2018, the Company completed a share consolidation of the basis of one post-consolidation common share for every five pre-consolidation common shares. There was no name change or symbol change. The Company did obtain a new CUSIP number (securities identification number). There was a total of 12,654,500 pre-consolidation common shares issued and outstanding. Upon completion of the consolidation, there was 2,530,900 post-consolidation common shares issued and outstanding. All share capital numbers in the current financial statements are stated as post-consolidated common shares.

Officers and Directors

Jim Mustard, CEO and a Director, is an experienced capital market and mining professional, bringing over 30 years of expertise in business and project development to the Company. Jim was most recently VP of Investment Banking at PI Financial Corp. Prior to that he was the President and a director of Canada Zinc Metals and before that, was the VP and Senior Mining Analyst at Haywood Securities Inc. for 11 years. He has also worked for Barrick Gold, Eldorado Gold, Amax of Canada, Canada Tungsten Mining, the Government of Canada and Cyprus Anvil. Jim is a registered Professional Engineer with the Association of Professional Engineers and Geoscientists of BC. Jim Mustard resigned on May 27, 2019 as CEO but remains as a director.

Casey Forward, CPA, CGA, was CFO and a Director of the Company. He is a director and CFO of LeenLife Health Inc. He was previously the CFO of NioCorp Developments Ltd. Over the past 30 years Mr. Forward has served as director of several other public and private companies. Mr. Forward resigned on December 14, 2018 as CFO, and resigned in February 2019 as a director.

Geoff Balderson was appointed CFO and a director on December 14, 2018. He is the President of Harmony Corporate Services Ltd., a private business consulting company located in Vancouver, British Columbia. Mr. Balderson has been an officer and director of several TSX Venture Exchange listed companies over the past 12 years. Prior experience includes his roles as an investment advisor at Union Securities and Georgia Pacific Securities Corp.

Chris Verrico, Director, has over 30 years of experience within the mining industry and he has been a director of approximately one dozen resource startup companies, most of which proceeded to list on the TSX Venture Exchange. Mr. Verrico was the CEO of Aguila American Gold Ltd. from February 2011 until November 2013 and prior to that, he was a director and CEO of Lateegra Gold Corp. Earlier, Mr. Verrico was the CEO and Co-Chairman of West Hawk Development Corp. from January 2005 to July 2008.

Ryan Cheung, CPA, CA, was a director until December 14, 2018. He is the founder of MCPA Services Inc. Chartered Professional Accountants. In addition to running a public accounting practice, Mr. Cheung has historically served and currently serves as a director and/or officer of various Canadian listed entities specifically in mining and junior exploration.

Charles Ross was appointed CEO and a director on May 27, 2019. Mr. Ross has more than 25 years' experience in the international resource sector, much of it focused on senior project and financial management. He has served as director, president, and chief financial officer of numerous public resource companies and has extensive experience in corporate finance and public company administration.

Exploration and evaluation assets

The Company entered into a Property Option Agreement dated September 12, 2016, as amended February 7, 2017, May 19, 2017, July 31, 2017 and January 1, 2018, with Pacific Ridge Exploration Ltd. (the "Optionor"), whereunder the Company was granted an irrevocable and exclusive option to acquire an initial 51% interest in the Property (the "**First Option**") and thereafter, upon earning a 51% interest, the Company can exercise the Second Option (as defined below) whereupon the Optionor will conditionally grant to the Company the exclusive right and option to earn an additional undivided 19% right, title and interest in the Property (the "**Second Option**").

The Property consists of (1311) contiguous mineral claims comprising an aggregate 27,000 hectares, located in the in the White Gold district, Yukon Territory, the particulars of which are described in greater detail below.

In accordance with the terms of the Property Option Agreement:

First option to earn 51%:

Pay the optionor an aggregate of $200,000 as follows:
(1) the payment of $10,000 (paid) on signing;
(2) the payment of $10,000 (paid) on or before December 31, 2016;
(3) the payment of $nil on or before December 31, 2017;
(4) the payment of $30,000 on or before December 31, 2018;
(5) the payment of $50,000 on or before December 31, 2019; and
(6) the payment of $80,000 on or before December 31, 2020;
Incur expenditures in the aggregate amount of not less than $2,500,000 as follows
(1) in the amount of $50,000 (completed) on or before December 31, 2016;
(2) in the amount of $250,000 (completed) on or before December 31, 2017;
(3) in the amount of $200,000 on or before December 31, 2018;
(4) in the amount of $500,000 on or before December 31, 2019; and
(5) in the amount of $1,500,000 on or before December 31, 2020;
Issue an aggregate of 240,000 common shares and 30,000 warrants as follows:
(1) 20,000 common shares and 20,000 warrants within 5 business days of listing of the Company's stock on the CSE at prices as set out in the IPO (August 24, 2017) (issued at $.10);
(2) 40,000 common shares and 10,000 warrants on or before December 31, 2017 (issued);
(3) 60,000 common shares on or before December 31, 2018;
(4) 60,000 common shares on or before December 31, 2019; and
(5) 60,000 common shares on or before December 31, 2020.

Second option to earn an additional 19%:

Pay the optionor an aggregate of $200,000 as follows:
(1) the payment of $100,000 on or before December 31, 2021; and
(2) the payment of $200,000 on or before December 31, 2022;
Incur expenditures in the aggregate amount of not less than $2,500,000 as follows
(1) in the amount of $1,250,000 on or before December 31, 2021; and
(2) in the amount of $1,250,000 on or before December 31, 2022;
Issue an aggregate of 100,000 common shares as follows:
(1) 50,000 common shares on or before December 31, 2021; and
(2) 50,000 common shares on or before December 31, 2022.

There is an existing 2% net smelter returns royalty (the "**NSR**") on the Property pursuant to an agreement between the Optionor and Tintina Syndicate dated October 28, 2009, as amended November 4, 2010 and October 1, 2014, held by the Tintina Syndicate subject to the Optionor's right to purchase 50% thereof for $1 million which is subject to an assignment agreement between the Optionor and Sandstorm Gold Ltd. ("**Sandstorm**") dated June 16, 2015 (the "**Sandstorm Agreement**"), where the Optionor assigns Sandstorm its right to purchase 50% of the NSR for $1 million;

The Company is the operator of the Property for the duration of the Option Agreement; and

In the event that either the Company or the Optionor acquires, after the date of the Property Option Agreement, directly or indirectly, any interest in any new property which has mineral claims within a two-kilometer radius of the outer boundary of the Property (an "**AOI Property**"), the acquiring party must disclose this acquisition promptly to the other party and the acquiring party's entire AOI Property shall form part of the Property and become subject to the terms of the Property Option Agreement.

On March 8, 2019, the Company received a notice of default in accordance with the terms of the agreement. On termination, the Company became liable for reclamation work on the Mariposa property, which must be completed to the satisfaction of the Mines Inspector. The Company have accordingly included a provision in the amount of $80,000 in accounts payable and accrued liabilities at January 31, 2019, which is management's best estimate of the cost of the reclamation work. During the year ended January 31, 2019, the Company have recorded an impairment of $484,397 to the property. The reclamation work remains outstanding as at July 31, 2019 and the date of the MDA.

The Company is currently searching for other resource opportunities.

<u>Property Location and History</u>

The Property is located approximately 120 km south-southeast of Dawson City, and 310 km northwest of Whitehorse, Yukon Territory. Dawson City is 538 km by paved highway north of Whitehorse, Yukon Territory. The Property, lies within the Dawson Mining District, and covers the headwaters of the placer producing Scroggie Creek, just west of Pyroxene Mountain within the unglaciated Yukon Plateau. The Property is accessible by either fixed wing aircraft or winter road. The property's north eastern boundary lies approximately 15km from the proposed road alignment from Dawson City to the Coffee deposit of Goldcorp Inc. where production is targeted for 2021.

The property is centered at a latitude and a longitude of 63°00'N. 138 32'W.

Placer activity by others in the Mariposa Property area dates back to 1898 when gold was first discovered in Scroggie and Mariposa Creeks. The first mechanized placer mining began in the mid 1950's, while large scale mechanized mining began in 1980 and has continued uninterrupted to the present.

Documented exploration on the Mariposa Property, undertaken from 1987 to 2016, has included mapping over 30% of the property, prospecting, approximately 12,800 soil samples (covering about 35% of the property), hand and mechanized trenching (about 3,263m in 21 trenches), 965m of geoprobe (bedrock interface) sampling, a 910 line km airborne magnetic survey (covering 40% of the property) and ground magnetics (310 km), VLF-EM (113.5 km) and IP/resistivity (4.62 line km) geophysical surveys, 8,636m of diamond drilling in 54 holes (one was lost) and 653m of RAB drilling in 12 holes. In addition, a trenching and prospecting program was completed in the fall of 2016 by Four Nines. This work included a total of 734 meters in 5 trenches.

(Expressed in Canadian Dollars)

Selected Annual Information

The following is a summary of the Company's financial results for the Company's three most recently completed financial years:

	Year ended January 31, 2019	**Year Ended January 31, 2018**	**Year Ended January 31, 2017**
Total revenues	$Nil	$Nil	$Nil
Net and comprehensive loss	(665,355)	(135,738)	(34,547)
Loss per share – basic and diluted	(0.18)	(0.02)	(0.01)
Total assets	814,832	641,874	175,703
Long term liabilities	Nil	Nil	Nil
Cash dividends declared per share	Nil	Nil	Nil

During the year ended January 31, 2018, the Company completed its IPO. During the year ended January 31, 2019, the Company determined that the exploration and evaluation asset was impaired and consequently recorded an impairment of $484,397.

Fourth Quarter

N/A

Results of Operations

For the three months ended July 31, 2019:

During the three months ended July 31, 2019, the Company has not generated revenue to date and has recorded a net loss of $34,688 for the three months ended July 31, 2019 which is higher than the net loss of $22,831 for the comparable period ended July 31, 2018 which can be attributed to the $17,329 in interest and accretion cost incurred in the current period.

Total expenses for the three months ended July 31, 2019 amounted to $34,688 as compared to $22,831 for the comparable period which can be attributed to the following:

Consulting fees have increase to $7,500 for the current period as compared to $Nil for the prior period. The increase in consulting fees represents accrued fees to a company controlled by the CFO. Whereas in the prior period the fees to the former CFO were included in professional fees.

Professional fees have decreased to $1,125 in the current period as compared to $5,150 for the previous period. of which $5,000 was fees paid/accrued to the former CFO.

Management fees have decreased to $Nil in the current period as compared to $10,000 for the prior period. During the current period there were no fees paid to Jim Mustard, former CEO.

(Expressed in Canadian Dollars)

The Company recorded $17,329 in interest and accretion on the convertible debenture as compared to $Nil for the prior period. During the prior year the Company closed a non-brokered private placement financing of secured convertible debentures for gross proceeds of $375,000. The Debentures bear interest at the rate of 10% per annum.

The Company also incurred $2,610 in exploration cost related to the Mariposa property.

For the six months ended July 31, 2019:

During the six months ended July 31, 2019, the Company has not generated revenue to date and has recorded a net loss of $65,961 for the six months ended July 31, 2019 which is higher than the net loss of $54,319 for the comparable period ended July 31, 2018.

Total expenses for the six months ended July 31, 2019 amounted to $65,961 as compared to $54,319 for the comparable period which can be attributed to the following:

Consulting fees have increase to $18,000 for the current period as compared to $Nil for the prior period. The increase in consulting fees represents accrued fees to a company controlled by the CFO. Whereas in the prior period the fees to the former CFO were included in professional fees. See related parties for details.

Professional fees have decreased to $2,625 in the current period as compared to $12,650 for the previous period. of which $12,500 was fees paid/accrued to the former CFO.

Management fees have decreased to $Nil in the current period as compared to $30,000 for the prior period. During the current period there were no fees paid to Jim Mustard, former CEO.

The Company recorded $34,093 in interest and accretion on the convertible debenture as compared to $Nil for the prior period. During the prior year the Company closed a non-brokered private placement financing of secured convertible debentures for gross proceeds of $375,000. The Debentures bear interest at the rate of 10% per annum.

The Company also incurred $2,610 in exploration cost related to the Mariposa property.

The Company continues its search for other resource related opportunities.

Summary of Quarterly Results

The following is a summary of the Company's financial results for the eight most recently completed quarters.

For the quarter ended	**July 31, 2019**	**April 30, 2019**	**January 31, 2019**	**October 31, 2018**
Net and comprehensive loss	($34,688)	($31,273)	($533,899)	($77,137)
Loss per share – basic and diluted	($0.00)	($0.00)	($0.08)	($0.03)

(Expressed in Canadian Dollars)

For the quarter ended	July 31, 2018	April 30, 2018	January 31, 2018	October 31, 2017
Net and comprehensive loss	($22,831)	($31,488)	($54,153)	($71,405)
Loss per share – basic and diluted	($0.01)	($0.01)	($0.01)	($0.02)

Factors causing Variance for each Quarter

During the quarter ended January 31, 2018 the Company recorded a net loss of $54,153 as compared to a net loss of $71,405 for the previous quarter. The previous quarter contained increase in legal fees associated to listing the Company, intra-provincial and territorial matters, and general legal matters. During the quarter ended April 30, 2018, the Company recorded a net loss of $31,488 as compared to the net loss of $54,153 for the previous quarter. The previous quarter included legal fees associated to listing the company. During the quarter ended July 31, 2018, the Company recorded a net loss of $22,831 as compared to a net loss of $31,488 for the previous quarter. The decrease is due to promotional cost incurred in the previous quarter. During the quarter ended October 31, 2018, the Company recorded a net loss of $77,137 as compared to $22,831 for the previous quarter. The increase can be attributed to consulting fees and legal fees associated with the financing that occurred during this quarter. During the quarter ended January 31, 2019 the company recorded a net loss of $533,899 as compared to the net loss of $77,137 for the previous quarter. The increase in the net loss can be attributed to the recording of the impairment of the mineral property. During the quarter ended April 30, 2019, the Company recorded a net loss of $31,273 as compared to the net loss of $533,899 for the previous quarter which included an impairment of mineral property of $484,397. During the quarter ended July 31, 2019, the Company recorded a net loss of $34,688 which is comparable to the net loss of $31,273 for the previous quarter. There were no changes in the operations as the Company continues its search for other resource related opportunities.

Liquidity and Capital Resources

The Company had cash of $779,368 and GST receivable of $31,570 at July 31, 2019, compared to $783,524 and $31,308 at January 31, 2019 respectively. As at July 31, 2019, the Company had convertible debentures of $366,353 and working capital of $282,820 as compared to a working capital of $348,781 as at January 31, 2019.

The Company's estimated its budget to be its working capital and believes that the current capital resources are not sufficient to pay overhead expenses for the next twelve months and will need to seek additional funding to fund its overhead expenses and future commitments. The Company will continue to monitor the current economic and financial market conditions and evaluate their impact on the Company's liquidity and future prospects.

Since the Company will not be able to generate cash from its operations in the foreseeable future, the Company will have to rely on the issuance of shares or the exercise of options and warrants to fund ongoing operations and investment. The ability of the Company to raise capital will depend on market conditions and it may not be possible for the Company to issue shares on acceptable terms or at all.

Financing and commitments

On November 9, 2018 the Company closed a non-brokered private placement financing (the "Debenture Financing") of secured convertible debentures (each, a "Debenture") for gross proceeds of $375,000. The Debenture has a maturity date of one year from the date of issuance (the "Maturity Date") and the principal amount of the Debenture, together with any accrued and unpaid interest, will be payable on the Maturity Date, unless earlier converted in accordance with its terms. The Debentures bear interest (the "Interest") at the rate of 10% per annum, which Interest will be payable on maturity, unless earlier converted; and the principal amount of the Debenture, together with all accrued and unpaid interest thereon, is convertible into units of the Company at the option of the holder (each, a "Debenture Unit") at a conversion price of $0.10 per Debenture Unit, with each Debenture Unit comprised of one common share of the Company (each, a "Debenture Share") and one transferable share purchase warrant (each, a "Debenture Warrant"), with each Debenture Warrant exercisable into one additional Debenture Share (each, a "Debenture Warrant Share") at an exercise price of $0.10 per Debenture Warrant Share for a period of five (5) years from the date of conversion.

Repayment by the Company of amounts owing under the Debentures are secured by a charge over all of the assets of the Company. All subscribers to the Debenture Financing entered into an agency and inter-lender agreement with the Company and a designated subscriber to the Debenture Financing (the "Agent"), pursuant to which the subscribers appointed the Agent to act on their behalf as to certain matters relating to the Debentures, including with respect to enforcement of the security interest.

For accounting purposes, the Debentures are separated into their liability and equity components by first valuing the liability component. The fair value of the liability component at the time of issue was calculated as the discounted cash for the convertible debentures assuming a 20% discount rate, which was the estimated rate for a similar debenture without a conversion feature. The fair value of the equity component (conversion feature) was determined at the time of issue as the difference between the face value of the convertible debentures and the fair value of the liability component. The debt component will be accreted systematically to its face value over the term of the note by the recording of additional interest. During the six months ended July 31, 2019, the Company recorded $34,093 in interest and accretion cost of which $18,596 relates to interest charges. At July 31, 2019 accounts payable and accrued liabilities includes $27,123 (January 31, 2019 - $8,527) in interest with respect to these Debentures.

On November 9, 2018 the Company closed a non-brokered private placement of 5,000,000 units (each, a "Unit") at a price per Unit of $0.075 for gross proceeds of $375,000. Each Unit is comprised of one common share and one transferable common share purchase warrant exercisable into one common share of the Company at a price of $0.10 per share expiring on November 9, 2023.

Off Balance Sheet Arrangements

The Company has no off-balance sheet arrangements to report.

(Expressed in Canadian Dollars)

Related Party Transactions

Related party transactions are comprised of services rendered by directors and/or officers of the Company or by a company with a director in common. Related party transactions are in the ordinary course of business and are measured at the exchange amount.

Key management personnel compensation

The Company considers its President, Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), and the directors of the Company to be key management. 7

		For the six months ended July 31,			
	Relationship		**2019**		**2018**
Consulting fees					
Harmony Corporate Services Ltd.	Company controlled by Geoff Balderson, Director and CFO	$	17,500	$	-
Exploration expenses					
Jim Mustard	Director and Former CEO		1,960		-
Management fees					
Jim Mustard	Director and Former CEO		-		30,000
Professional fees					
Casey Forward	Former CFO/Director		-		12,500
		$	19,460	$	32,500

Included in accounts payable and accrued liabilities at July 31, 2019, is $25,771 (January 31, 2019: $5,250) owed to a director of the Company and to a company controlled by the CFO for unpaid fees. The amount is unsecured, non-interest bearing with no specific terms of repayment.

Proposed Transactions

The Company has no proposed transactions to report.

Critical Accounting Estimates

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only; or in the period of the change and future periods, if the change affects both.

Information about critical accounting estimates and judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

Going concern

The assumption that the Company is a going concern and will continue in operation for the foreseeable future and at least one year is a judgment. The factors considered by management are disclosed in Note 2.

Asset Retirement Obligation

Rehabilitation provisions have been created based on the Company's internal estimates. Assumptions based on the current economic environment have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from year to year. Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs, which will reflect the market condition at the time the rehabilitation costs are actually incurred. The final cost of the currently recognized rehabilitation provisions may be higher or lower than currently provided for. Included in accounts payable and accrued liabilities at July 31, 2019 and January 31, 2019 is $80,000 in reclamation work on the Mariposa property.

Valuation of Convertible Debt

The Company's convertible loans are valued using the present value of future cash flows. This method is based on underlying factors such as the current interest rate and the Company's ability to make all interest payments on a timely basis. Changes in the inputs to the calculation could impact the carrying value of the convertible debentures and amount of accretion included in profit or loss.

<u>Financial Instruments and Risks</u>

The company is exposed through its operations to the following financial risks:

Liquidity risk
Market risk
Credit risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout the financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, polices and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined in the financial statements.

The Company monitors its ability to meet its short-term administrative expenditures by matching investment income received to expenditures to be incurred, and by disposing of its investments when required. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, investment fluctuations, and commodity and equity prices. Market conditions will cause fluctuations in the fair values of financial assets classified as held-for-trading and available-for-sale and cause fluctuations in the fair value of future cash flows for assets or liabilities classified as held-to-maturity, available-for-sale, loans and receivables and other financial liabilities. The Company is not exposed to significant interest rate risk as the Company's has no interest-bearing debt. The Company's ability to raise capital to fund mineral resource exploration is subject to risks associated with fluctuations in mineral resource prices. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk the Company will realize such as a loss is limited because the convertible debentures bear interest at a fixed rate.

Foreign currency risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and US dollar or other foreign currencies will affect the Company's operations and financial results. The Company does not have significant exposure to foreign currency rate fluctuations.

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Credit risk

Financial instruments that potentially expose the Company to credit risk are cash and cash equivalents. To minimize the credit risk on cash the Company places the instrument with a high credit quality financial institution. The maximum exposure to loss arising from these advances is equal to their total carrying amounts.

(Expressed in Canadian Dollars)

Fair Values

The Company's financial instruments include cash, accounts payable and accrued liabilities and convertible debentures. The carrying amounts of these financial instruments are a reasonable estimate of their fair values because of their current nature. It is impractical to determine the fair value of these financial instruments with sufficient reliability due to the nature of these financial instruments, the absence of secondary market and the significant cost of obtaining external appraisals.

Fair Value Hierarchy

The Company classifies its fair value measurements in accordance with the three level fair value hierarchy as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; and
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy as follows:

	Level 1	Level 2	Total
July 31, 2019			
Cash	$ 779,368	$ -	$ 779,368
Convertible debenture	-	366,353	366,353
	779,368	366,353	1,145,721
January 31, 2019			
Cash	783,524	-	783,524
Convertible debenture	-	350,856	350,856
	$ 783,524	$ 350,856	$ 1,134,380

Risks and Uncertainties

Mineral Property Exploration and Mining Risks

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

(Expressed in Canadian Dollars)

SUBSEQUENT EVENTS

N/A

Disclosure of Outstanding Share Capital

The Company's outstanding share capital as at September 30, 2019 is as follows:

Common shares

Balance, July 31, 2019	7,580,900
Issued -	-
Balance, September 30, 2019	7,580,900

Options

Balance, July 31, 2019	Nil
Balance, September 30, 2019	Nil

Compensation warrants

Balance, July 31, 2019	135,000
expired	(125,000)
Balance, September 30, 2019	10,000

Share purchase warrants

Balance, April 30, 2019	5,700,000
Expired	(750,000)
Balance, September 30, 2019	4,950,000