Overview

The following covers the operations of Four Nines Gold Inc. (the “Company” or “Four Nines”) for the year ended January 31, 2020 prepared as of May 26, 2020. This management discussion and analysis (“MD&A”) should be read in conjunction with the Company’s audited financial statements for the year ended January 31, 2020 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 and exploration of properties in 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 an initial public offering ("IPO") and was listed on the Canadian Securities Exchange (“CSE"). The Company commenced trading on the CSE on August 31, 2017 under the symbol “FNAU”.

The head office, principal address and records office of the Company are located at Suite 1000, 409 Granville Street, Vancouver, British Columbia, Canada, V6C 1T2.

On October 23, 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.

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.

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.

Joseph Yelder was appointed a director on December 9, 2019 by the shareholders at the Annual General Meeting.

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.

<u>Second option to earn an additional 19%:</u>

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 was management's best estimate of the cost of the reclamation work. During the year ended January 31, 2019, the Company recorded an impairment of $484,397 to the property.

(Expressed in Canadian Dollars)

On October 7, 2019, the Company paid the Optionor $50,000 in reclamation payment to complete the property reclamation work on the property. As at January 31, 2020 and the date of the MD&A, the Company has no further obligation on the property.

During the month of March 2020, there was a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and, specifically, the regional economies in which the Company operates. The pandemic could continue to have a negative impact on the stock market, including trading prices of the Company's shares and its ability to raise new capital. These factors, amongst others, could have a significant impact on the Company's operations and its searching for other resource opportunities.

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, 2020	**Year ended January 31, 2019**	**Year Ended January 31, 2018**
Total revenues	$Nil	$Nil	$Nil
Net and comprehensive loss	(86,564)	(665,355)	(135,738)
Loss per share – basic and diluted	(0.01)	(0.18)	(0.02)
Total assets	724,222	814,832	641,874
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. During the year ended January 31, 2020, the Company completed the reclamation obligation on the Mariposa property.

Fourth Quarter

During the fourth quarter ended January 31, 2020, the Company reported a net loss of $19,889 as compared to a net loss of $533,899 for the corresponding period in 2019. Included in the net loss of $533,899 for 2019 was the impairment of Mariposa property of $484,397. Total expenses for the fourth quarter in 2020 amounted to $19,926 as compared to $49,502 for the corresponding period in 2019. Current periods costs are lower due to reduced activities and no fees paid to officers of the Company. All other costs appear to be consistent with that of the prior period.

Results of Operations

During the year ended January 31, 2020, the Company has not generated revenue to date and has recorded a net loss of $86,564 for the year ended January 31, 2020 which is lower than the net loss of $665,355 for the comparable year ended January 31, 2019. The current year loss includes $30,000 in recovery of asset retirement obligation, whereas the prior year included an impairment of $484,397 on the Mariposa property.

Total expenses for the year ended January 31, 2020 amounted to $117,160 as compared to $180,958 for the comparable year excluding the impairment of exploration and evaluation asset of $484,397, a decrease of approximately $64,000 can be attributed to the following:

(Expressed in Canadian Dollars)

Management fees have decreased to $Nil in the current period as compared to $61,000 for the prior year. During the current period there were no fees paid to Jim Mustard, former CEO.

Office and general expenses have decreased to $889 as compared to $8,375 for the prior year. The decline is due termination of office rent.

Professional fees have decreased to $7,675 in the current year as compared to $54,197 for the previous year. In the prior year, the Company incurred legal fees in connection with the financing and other general matters and fees paid to the former CFO.

Offset by the increase in interest and accretion to $61,644 as compared to $15,633 for the prior year. 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 and a maturity date of November 9, 2019. These convertible debts were subsequently repaid.

All other costs were consistent with that of the prior year.

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	January 31, 2020	October 31, 2019	July 31, 2019	April 30, 2019
Net and comprehensive loss	($19,889)	($714)	($34,688)	($31,273)
Loss per share – basic and diluted	($0.00)	($0.00)	($0.00)	($0.00)

For the quarter ended	January 31, 2019	October 31, 2018	July 31, 2018	April 30, 2018
Net and comprehensive loss	($533,899)	($77,137)	($22,831)	($31,488)
Loss per share – basic and diluted	($0.08)	($0.03)	($0.01)	($0.01)

Factors causing Variance for each Quarter

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. During the quarter ended October 31, 2019, the Company recorded a net loss of $714 as compared to the net loss of $34,688 for the previous quarter. The decrease in the net loss is due to the recording of a recovery of asset retirement obligation of $30,000. During the quarter ended January 31, 2020, the Company recorded a net loss of $19,889 as compared to a net loss of $714 for the previous quarter which included a recovery of asset retirement obligation.

Liquidity and Capital Resources

The Company had cash of $723,322 and GST receivable of $900 at January 31, 2020, compared to $783,524 and $31,308 at January 31, 2019 respectively. As at January 31, 2020, the Company had convertible debentures of $375,000 and working capital of $267,217 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.

On March 2, 2020, the Company closed a non-brokered private placement of 2,720,000 units at a price of $0.075 per unit for total proceeds of $204,000. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one common share of the Company at a price of $0.10 per share for a period of five years.

On February 14, 2020, the Company repaid the convertible debentures. The total amount paid was $422,055, of which $375,000 was principal and $47,055 relates to interest.

Off Balance Sheet Arrangements

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

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.

(Expressed in Canadian Dollars)

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.

	Relationship		2020		2019
Consulting fees					
Harmony Corporate Services Ltd.	Company controlled by Geoff Balderson, Director CFO		27,500		-
Exploration costs					
Jim Mustard	Director and former CEO	$	1,960	$	-
Management fees					
Jim Mustard	Director and former CEO		-		61,000
Professional fees					
Casey Forward	former CFO and Director		-		27,500
		$	29,460	$	88,500

Included in accounts payable at January 31, 2020, is $14,133 (2019: $5,250) owed to a director and a Company controlled by the CFO for reimbursements of expenses or 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 January 31, 2019 is $80,000 in reclamation work on the Mariposa property.

During the year ended January 31, 2020, the Company paid the Optionor $50,000 in reclamation payment to complete the property reclamation work on the property. As at October 31, 2019, the Company has no further obligation on the property and recorded a recovery of reclamation cost of $30,000 to the statement of operations.

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.

Financial Instruments and Risks

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.

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.

(Expressed in Canadian Dollars)

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
January 31, 2020			
Cash	$ 723,322	-	$ 723,322
Convertible debenture	-	375,000	375,000
	723,322	375,000	$ 1,098,322
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.

SUBSEQUENT EVENTS

See *Liquidity and Capital Resources*.

(Expressed in Canadian Dollars)

Disclosure of Outstanding Share Capital

The Company's outstanding share capital as at the date of the MD&A is as follows:

Common shares

Balance, January 31, 2020	7,580,900
Issued -	2,720,000
Balance, MD&A	10,300,900

Options

Balance, January 31, 2020	Nil
Balance, MD&A	Nil

Share purchase warrants

Balance, January 31, 2020	4,950,000
Issued	2,720,000
Balance, MD&A	7,670,000