

# **GOLDEN LAKE EXPLORATION INC.**

## **Management Discussion and Analysis**

**For the three month period ended February 29, 2020**

The Management Discussion and Analysis (“MD&A”), prepared April 15, 2020 should be read in conjunction with the financial statements and notes thereto for the year ended November 30, 2019 and the notes thereto of Golden Lake Exploration Inc. (“Golden Lake”) which were prepared in accordance with International Financial Reporting Standards.

Certain information in this MD&A, including all statements that are not historical facts, constitutes forward-looking information within the meaning of applicable Canadian securities laws. Such forward-looking information may include, but is not limited to, information which reflect management’s expectations regarding the Company’s future growth, results of operations (including, without limitation, future production and capital expenditures), performance (both operational and financial) and business prospects (including the timing and development of new deposits and the success of exploration activities) and opportunities. Often, this information includes words such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate” or “believes” or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved.

In making and providing the forward-looking information included in this MD&A the Company’s assumptions may include among other things: (i) assumptions about the price of metals; (ii) that there are no material delays in the optimisation of operations at the exploration and evaluation assets; (iii) assumptions about operating costs and expenditures; (iv) assumptions about future production and recovery; (v) that there is no unanticipated fluctuation in foreign exchange rates; and (vi) that there is no material deterioration in general economic conditions. Although management believes that the assumptions made and the expectations represented by such information are reasonable, there can be no assurance that the forward-looking information will prove to be accurate. By its nature, forward-looking information is based on assumptions and involves known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, performance or achievements, or results, to be materially different from future results, performance or achievements expressed or implied by such forward-looking information. Such risks, uncertainties and other factors include among other things the following: (i) decreases in the price of base metals; (ii) the risk that the Company will continue to have negative operating cash flow; (iii) the risk that additional financing will not be obtained as and when required; (iv) material increases in operating costs; (v) adverse fluctuations in foreign exchange rates; and (vi) environmental risks and changes in environmental legislation.

This MD&A (See “Risks and Uncertainties”) and the Company’s annual information form contain information on risks, uncertainties and other factors relating to the forward-looking information. Although the Company has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking information, there may be other factors that cause actual results, performances, achievements or events not to be anticipated, estimated or intended. Also, many of the factors are beyond the Company’s control. Accordingly, readers should not place undue reliance on forward-looking information. The Company undertakes no obligation to reissue or update forward looking information as a result of new information or events after the date of this MD&A except as may be required by law. All forward-looking information disclosed in this document is qualified by this cautionary statement.

## DESCRIPTION OF BUSINESS

Golden Lake Exploration Inc. (“the Company”) was incorporated on May 17, 2018 under the laws of British Columbia. The address of the Company’s corporate office and its principal place of business is Suite 1240 – 789 West Pender Street V6C 1H2, Vancouver, British Columbia, Canada.

The Company’s principal business activities include the acquisition and exploration of mineral property assets. As at February 29, 2020, the Company had not yet determined whether the Company’s mineral property asset contains ore reserves that are economically recoverable. The recoverability of amount shown for exploration and evaluation asset is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the property or realizing proceeds from its disposition. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company’s ability to continue as a going concern.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds.

## EXPLORATION PROJECT

### Jewel Ridge Project

Pursuant to an option agreement dated November 1, 2019 (the “Agreement”), with Greencastle Resources Ltd. and its affiliate Greencastle U.S.A. Ltd., (together the “Optionor”), the Company was granted an option to acquire 100% undivided interest in the Jewel Ridge Project (the “Property”) located near Eureka in Nevada.

In accordance with the Agreement, the Company has the option to acquire 100% interest in the property by making the following considerations:

	<b>Common Shares</b>	<b>Cash</b>	<b>Exploration Expenditures</b>
Upon execution of the Agreement (paid and issued)	1,000,000	\$ 25,000	\$ -
November 5, 2020	2,000,000	35,000	150,000
November 5, 2021	2,000,000	45,000	250,000
November 5, 2022	-	50,000	350,000
<b>Total</b>	<b>5,000,000</b>	<b>\$ 155,000</b>	<b>\$ 750,000</b>

The Optionor will retain a 4% Net Smelter Returns (“NSR”) royalty on the mining claims comprising the Property described as “GM Squared claims” under the Agreement. The Company has the right to purchase all of the NSR for \$8,000,000. In addition, following the exercise of the option and acquisition of the Property, the Optionor shall reserve a royalty of 3% on NSR on the mining claims comprising the Property described as “Rainbow claims”. The Company has the option, up to seven years, to purchase 2% of the royalty for \$2,000,000. The Company shall pay to the Optionor advance royalty payments of \$50,000 per annum payable forty-eight months after the closing date and such payments are to be deducted from any royalty payments payable under Rainbow claims.

## OPERATIONS

*Three month period ended February 29, 2020 and February 28, 2019*

During the period ended February 29, 2020, the Company incurred a loss of \$160,344 (2019 - \$69,170). The loss is primarily a result of:

- i) Advertising of \$13,870 (2019 - \$3,126) increased due to the Company’s effort to raise market awareness during the current period.
- ii) Consulting of \$44,887 (2019 - \$Nil) increased due to geological consulting work done during the current period
- iii) Management fees of \$45,000 (2019 - \$9,000) increased due to increased activities during the current period.
- iv) Office and miscellaneous of \$12,146 (2019 - \$3,078) increased primarily due to increased activities during the current period.
- v) Professional fees of \$13,447 (2019 - \$7,200) due to an increase in legal services rendered during the current period as the Company pushed towards the acquisition of the Jewel Ridge option.

## SUMMARY OF QUARTERLY RESULTS

	<b>February 29, 2020</b>	<b>November 30, 2019</b>	<b>August 31, 2019</b>	<b>May 31, 2019</b>
Total revenue	\$ Nil	\$ Nil	\$ Nil	\$ Nil
Net loss	(160,344)	(396,344)	(78,518)	(132,428)
Net loss per share	(0.01)	(0.04)	(0.01)	(0.01)
	<b>February 28, 2019</b>	<b>November 30, 2018</b>	<b>August 31, 2018</b>	<b>May 17, 2018 to May 31, 2018</b>
Total revenue	\$ Nil	\$ Nil	\$ Nil	\$ Nil
Net loss	(69,170)	(34,005)	(63,000)	(3,000)
Net loss per share	(0.01)	(0.00)	(0.02)	(0.00)

The Company was incorporated on May 17, 2018. Comparative figures prior to May 17, 2018 are not available.

## LIQUIDITY AND CAPITAL RESOURCES

The Company's cash and cash equivalents at February 29, 2020 were \$291,936 compared to \$7,828 at November 30, 2019.

During the period ended February 29, 2020, the Company closed a non-brokered private placement of 6,000,000 units at a price of \$0.10 per unit for an aggregate gross proceeds of \$600,000. Each unit is comprised of one common share and one share purchase warrant of the Company. Each warrant will entitle the holder to purchase one common share at a price of \$0.15, expiring on or before December 11, 2021.

For the period ended February 29, 2020, the Company had cash outflows relating to operating activities of \$240,037 (2019 - \$36,228) relating to general and administration expenditures during the period. The Company also had cash flows used in investing activities of \$15,880 (2019 - \$7,460), primarily due to exploration and evaluation asset expenditure during the current period. The Company received cash flows for financing activities of \$540,025 (2019 - \$Nil) mainly due to proceeds from private placements.

## OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

## TRANSACTIONS WITH RELATED PARTIES

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

The Company has incurred the following key management personnel cost from related parties:

	Three months period ended February 29, 2020	Three months period ended February 28, 2019
Management fees	\$ 45,000	\$ -
Share-based payments	-	32,940
Total	\$ 45,000	\$ 32,940

During the period ended February 29, 2020, the Company

- i) paid or accrued management fees of \$45,000 (2019 - \$Nil) to a company owned by CEO and CFO of the Company, for management services provided by the officers.
- ii) granted Nil (2018 - 400,000) stock options to its directors resulting in share-based compensation of \$Nil (2018 - \$32,940).

Included in accounts payable and accrued liabilities at February 29, 2020 is \$2,138 (November 30, 2019 - \$50,093) owed to companies owned by officers of the Company.

## COMMITMENTS

The Company is committed to certain cash payments, common share issuances and exploration expenditures as described in Note 4 of the unaudited condensed financial statements for the period ended February 29, 2020 on [www.sedar.com](http://www.sedar.com).

## CRITICAL ACCOUNTING ESTIMATES

Please refer the February 29, 2020 unaudited condensed interim financial statements on [www.sedar.com](http://www.sedar.com) for critical accounting estimates.

## NEW ACCOUNTING POLICIES AND PRONOUNCEMENTS

Please refer the February 29, 2020 unaudited condensed interim financial statements on [www.sedar.com](http://www.sedar.com) for new accounting policies as well as future accounting pronouncements.

## FINANCIAL INSTRUMENTS

International Financial Reporting Standards 7, *Financial Instruments: Disclosures*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in 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 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

### Fair Value of Financial Instruments

The Company's financial assets include cash and is classified as Level 1. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

Assets measured at fair value on a recurring basis were presented on the Company's statements of financial position as at February 29, 2020 are as follows:

	Fair Value Measurements Using			Total
	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
	\$	\$	\$	\$
Cash	291,936	–	–	291,936

### Fair value

The fair value of the Company's financial instruments approximates their carrying value as at February 29, 2020 because of the demand nature or short-term maturity of these instruments.

## Financial risk management objectives and policies

The Company's financial instruments include cash and accounts payable. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

### (i) *Currency risk*

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary liabilities. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities.

### (ii) *Interest rate risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

### (iii) *Credit risk*

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high quality financial institution.

### (iv) *Liquidity risk*

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS**

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgements and have been properly reflected in the financial statements.

## OUTSTANDING SHARE CAPITAL

As of April 15, 2020, the Company had the following outstanding:

- 19,350,001 common shares  
Share Purchase Options

Number of Options	Exercise Price	Expiry Date
225,000	\$0.11	1-Oct-20
150,000	\$0.17	7-Dec-20
250,000	\$0.15	20-Feb-22
300,000	\$0.15	3-Mar-22
450,000	\$0.11	12-Sep-22
400,000	\$0.10	14-Dec-23
1,775,000		

### Warrants

Number of Warrants	Exercise Price	Expiry Date
350,000	\$0.10	7-May-21
6,000,000	\$0.15	11-Dec-21
6,350,000		

- 1,125,001 common shares held in escrow

## CHANGE IN MANAGEMENT

On July 26, 2019, the Company announced the resignation of Mark Lotz as the Chief Financial Officer, Corporate Secretary and a director of the Company, effective immediately. Mr. Lotz will be leaving the Company to pursue new opportunities; however, will continue to provide consulting services to the Company. Additionally, the Company is announced the appointments of Michael England as the Chief Executive Officer and President of the Company and of John Masters as Chief Financial Officer, Corporate Secretary and a director of the Company, effective immediately.

Mr. Dušan Berka has stepped down as the Chief Executive Officer and President of the Company; however, will remain with the Company as a director.

On March 3, 2020, the Company announced the appointment of Mr. Victor Bradley and Mr. Peter Mah to its Board of Directors effective immediately. Mr. Bradley will also assume the role of Chairman of the Board.

Additionally, Mr. Dušan Berka also stepped down from the Board of Directors.