

## **ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*Certain statements in this Management's Discussion and Analysis ("MD&A"), other than purely historical information, including estimates, projections, statements relating to our business plans, objectives and expected operating results, and the assumptions upon which those statements are based, are "forward-looking statements". Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "would," "expect," "intend," "could," "estimate," "should," "anticipate," or "believe," and similar expressions. Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events, or otherwise, except as may be required under applicable law. Readers should carefully review the risk factors and related notes included under Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2018 filed with the Securities and Exchange Commission on March 12, 2019.*

*The following MD&A is intended to help readers understand the results of our operation and financial condition, and is provided as a supplement to, and should be read in conjunction with, our Interim Unaudited Financial Statements and the accompanying Notes to Interim Unaudited Financial Statements under Part 1, Item 1 of this Quarterly Report on Form 10-Q.*

*Unless otherwise indicated or unless the context otherwise requires, all references in this document to "we," "us," "our," the "Company," and similar expressions refer to Bullfrog Gold Corp., and depending on the context, its subsidiaries.*

### **Company History and Recent Events**

Bullfrog Gold Corp. was incorporated under the laws of the State of Delaware on July 23, 2007 as Kopr Resources Corp. On July 21, 2011, the Company changed its name to "Bullfrog Gold Corp." The Company is in the exploration stage of its business.

### **Company Overview**

We are an exploration stage company engaged in the acquisition and exploration of properties that may contain gold and other mineralization primarily in the United States.

### **Bullfrog Project**

The Bullfrog Gold Project lies approximately 4 miles west of the town of Beatty, Nevada and 120 miles northwest of Las Vegas, Nevada. In 2011, Standard Gold Corp. ("Standard Gold") a wholly owned subsidiary of the Company, initially acquired a 100% right, title and interest in 79 lode claims and 2 patented claims that contain approximately 1,600 acres subject to a 3% net smelter royalty.

On October 29, 2014, Rocky Mountain Minerals Corp. ("RMM") a wholly owned subsidiary of the Company, entered into an Option Agreement (the "Option") with Mojave Gold Mining Corporation ("Mojave"). Mojave holds the purchase rights to 100% of 12 patented mining claims located in Nye County, Nevada. This property is contiguous to the Company's Bullfrog Project and covers approximately 156 acres, including the northeast half of the Montgomery-Shoshone (M-S) pit mined by Barrick Gold in the 1990's.

Mojave granted to RMM the sole and immediate working right and option with respect to the property until the 10th anniversary of the closing date, to earn a 100% interest in and to the property free and clear of all charges encumbrances and claims, except a sliding scale Net smelter return (or NSR) royalty.

In order to maintain in force, the working right and Option granted to it, and to exercise the Option, the Company issued Mojave 750,000 shares of common stock and paid Mojave \$16,000 in October 2014. In addition, to exercise the option, RMM must pay to Mojave a total of \$190,000 over the next 10 years. For reference, Barrick Bullfrog Inc. ("Barrick") terminated a lease on these patents after they ceased operations in late 1999.

On March 23, 2015, RMM entered into a Mineral Lease and Option to Purchase Agreement with Barrick involving 6 patented mining claims, 20 unpatented mining claims, and 8 mill site claims located approximately four miles west of Beatty, Nevada and covering approximately 444 acres (the “Barrick Properties”). These Barrick Properties are strategically located adjacent to the Company’s Bullfrog Gold Project and include two patents that cover the southwest half of the M-S open pit from which Barrick produced approximately 220,000 ounces of gold by the late 1990’s. Underground mining in the early 1900’s produced approximately 70,000 ounces of gold from the M-S deposit. Also included in the agreement is the northern one third of the main Bullfrog deposit where Barrick mined approximately 2.1 million additional ounces by open pit and underground methods. In addition to prospective adjacent lands, these acquisitions provide the potential to expand the M-S deposit along strike and at depth and in the northern part of the main Bullfrog deposit.

The Company also has access to Barrick’s substantial data base within a 1.5-mile radius of the leased lands to further advance its exploration and development programs. To maintain the lease and option, the Company was required to spend \$1.5 million dollars within five years on the Barrick Properties and to exercise the option the Company must issue to Barrick 3.25 million shares of the Company’s common stock. On May 21, 2019 the Barrick Agreement was amended whereby work commitments for the fifth anniversary and the total of \$1.5 million were extended to September 23, 2020. The final work commitment has been accounted at \$561,762. The Company will also provide a 2% gross royalty on production from the Barrick Properties. Overriding royalties of 5% net smelter returns and 5% gross proceeds are respectively limited to three claims and two patents in the main Bullfrog pit area. Barrick has retained a back-in right to reacquire a 51% interest in the Barrick Properties, subject to definition of a mineral resource on the Barrick Properties meeting certain criteria and reimbursing the Company in an amount equal to two and one-half times Company expenditures on the Barrick Properties.

On July 1, 2017, RMM entered a 30-year Mineral Lease (the “Lunar Lease”) with Lunar Landing, LLC. (“Lunar”), the owner of 24 patented mining claims situated in the Bullfrog Mining District, Nye County, Nevada.

On January 29, 2018 the Company purchased two patented claims, thereby eliminating minor constraints to expand the Bullfrog pit to the north.

In August 2018 and December 2018, the Company staked and duly recorded an additional 46 unpatented claims, for a total of 134 claims staked by the Company.

Significant drilling is required to test projections of mineralized trends and structures that extend for considerable distances to the north and east of the M-S pit on the original lands acquired by the Company in 2011. Located east of the M-S pit is an area 700 meters by 1,300 meters in which there is only one shallow hole from which there is no data available. Only a small portion of this area may be prospective, but we believe the area warrants additional study and exploration drilling.

There is only one drill hole located about 150 meters northeast of the M-S pit limit and another hole 1,000 meters northeast of the pit along strike of a major geologic structure. In this regard, the Company’s lands extend nearly 5,000 meters north-northeast of the pit and there has been very little drilling in this area, even though several structures have been mapped by Barrick and others.

Barrick drilled twelve deep holes in the M-S area ranging from 318 meters to 549 meters. Notable mineral intercepts from four holes below the central part of the pit are summarized below:

Hole No.	Intercept Data, Meters		Gold g/t
	Thickness	Under Pit	
717	51.8	70	1.35
	18.3	135	0.59
	15.2	150	0.68
	160.0	180	0.96
732	10.7	200	0.84
	79.2	330	0.74
733	12.2	130	1.14
	13.7	220	0.75
	29.0	250	0.70
734	4.6	15	6.03
	21.3	70	1.43
	22.9	130	0.89
	4.6	190	1.04

These results demonstrate that substantial amounts of gold occur in an exceptionally large epithermal system that has good potential for expansion and possibly higher grades at depth. Three of these intercepts are less than 75 meters below the existing pit. Two holes located 40 meters and 90 meters east of the 160-meter interval in hole #717 contained no significant mineralization at this depth, whereas the 29 meters of mineral in hole #733 is 60 meters west and the mineral zone is open to the north, south and west.

For reference, Barrick terminated all mining and milling operations in the autumn of 1999 when their cash production costs exceeded gold prices that averaged less than \$300 per ounce for the year and reached a low of \$258/oz in August 1999. The economic margins for heap leaching lower grades at current gold prices near \$1200/oz are deemed better than in 1999, and we believe the Company is positioned to explore such opportunities. Furthermore, Barrick never controlled or had access to a patented claim on the immediate east and north limits of the M-S pit, but this patent is owned by the Company.

Starting in 2015, the Company has studied Barrick's entire electronic data base and much of their paper data base obtained from their Elko, Nevada and Salt Lake City, Utah offices. On August 9, 2017, an independent engineering firm issued estimates of mineralized materials totally contained on Company controlled lands. In January 2018 the Company purchased a patent that removed all remaining constraints for pit mining the mineralization, see summary below:

#### Mineralized Material Estimates

Deposit	Cutoff	Mineral T	Grade	Gold Oz	Grade	Silver Oz	Waste T	W : Min.
	Gold g/t	Millions	Gold g/t	000's	Silver g/t	000's	Millions	Ratio
Bullfrog	0.20	26.4	0.69	585	1.85	1,569	110	3.5
	0.36	14.9	1.02	489	2.50	1,198	124	7.0
M-S	0.20	1.4	0.84	39	3.48	162	11	7.8
	0.36	1.1	1.00	36	4.02	146	11	10.1
Total	0.20	27.8	0.70	624	1.93	1,731	121	4.3
	0.36	16.0	1.02	525	2.60	1,344	135	8.4

*“Mineralized material” as used in this quarterly report on Form 10-Q, although permissible under the Securities and Exchange Commission (“SEC”) Guide 7, does not indicate “reserves” by SEC standards. We cannot be certain that any part of the Company’s deposits will ever be confirmed or converted into SEC Industry Guide 7 compliant “reserves.” Investors are cautioned not to assume that all or any part of the mineralized material will be confirmed or converted into reserves or that mineralized material can be economically or legally extracted.*

Input parameters used in the estimates are tabulated below:

#### Estimate Input Parameters

<b>Parameter</b>	<b>Input</b>	<b>Unit</b>
Mining Cost - M & W	2.25	\$/t
Processing Cost	6.00	\$/t
General & Admin.	1.60	\$/t
Refining Sales	0.05	\$/t
Sell Cost	10	\$/tr oz
Gold Recovery	72	%
Silver Recovery	20	%
Gold Price (3-yr average)	1200	\$/tr oz
Pit Slopes	45	degrees

Mineral estimates are in place and do not include recoveries from a proposed downstream heap leach/processing operation. The mineral estimates herein are consistent with the policies and standards of Canadian National Instrument 43-101 ("NI 43-101").

The data base used for the estimates included 1,262 holes containing 155 miles of coring and drilling completed from 1983 through 1996 by Barrick and its predecessors. Assaying was performed by several accredited laboratories. Tetra Tech, Inc. ("Tetra Tech") a recognized global provider of engineering, technical and construction management services with particular expertise in the mining sector, reviewed the data base in detail and found it to be of sufficient quality and quantity to estimate mineralized materials. A final NI 43-101 Technical Report is posted on the Company's website.

The mineralized materials were estimated by the Golden, Colorado office of Tetra Tech. The estimates were prepared in accordance with requirements of NI 43-101 Standards of Disclosure for Mineral Projects. The technical work, analysis and findings were completed or directly supervised by Rex Bryan, PhD, who is as an independent "Qualified Person" as defined by NI 43-101. Mr. Bryan has also reviewed and approved the information in the June 27, 2017 news release.

An internal pit cutoff ranging between 0.20 to 0.36 g/t in the same base case pit shell provides an additional 99,000 ounces of gold averaging 0.26 g/t that is planned to be heap leached at a run-of-mine or uncrushed size. Thus, 624,000 ounces of mineralized materials grading 0.70 g/t are within this base case pit. From June 2017 through December 2018 the Company leased 24 patents and staked 134 mining claims to cover exploration targets and potential sites for leach pads and other project facilities.

For reference, the Company estimated in April 2016 a preliminary mineral inventory of 470,000 ounces grading 0.89 g/t using a nominal 0.3 g/t cutoff. In comparison, the mineralized materials of 624,000 ounces represents a 33% increase in gold ounces. As the existing pit slopes are up to 52 degrees and stable after 20 years of no mining, the 45-degree input by Tetra Tech is conservative and provides upside in final pit designs. It is also noted that Barrick terminated all mining by the end of 1998 and mill production in early 1999 when gold prices were less than \$300 per ounce. However, economic margins for gold mining in general are now much better, particularly with the application of low-cost heap leaching methods. Barrick also used gold cut-off grades of 0.5 g/t in the pits and 3.0 g/t in the underground mine.

#### Metallurgy

In February 2018 the Company collected a 1,800-pound random bulk sample in the north Bullfrog pit to conduct preliminary metallurgical testing using high pressure grinding rolls (HPGR's) to compare leaching with conventional crushing equipment. HPGR's are designed to produce a much finer product with significantly more micro-fractures, thereby increasing leach recovery. These initial tests were encouraging, and further sampling and testing is in progress to fully document and support the probable improvements and use of HPGR's.

In 1994 Kappes Cassiday of Reno, NV performed simulated heap leach column tests on 250 kg samples with results as follows:

Size, inch	-1.5	-3/8
Calc. Head, gold opt	.035	.029
Rec., %	71.4	75.9
Leach time, days	41	41

In 1995, Barrick performed a pilot heap leach test on 844 tons that were crushed to -½ inch and averaged 0.019 gold opt. In only 41 days of leaching, 67% of the gold was recovered while cyanide and lime consumptions were exceptionally low.

In 1986 St Joe column leached a 22-ton composite of minus 12-inch material grading 0.037 gold opt to simulate heap leaching material at a coarse run-of-mine (“ROM”) size and recovered 49% in 59 days of leaching, which they projected to 54% for leaching 90 days.

In summary, the Bullfrog Gold Project mineralization has good heap leach gold recoveries for crushing to 1.5 inch or less and at ROM size. The latter is particularly important since much additional low grade under 0.3 g/t that must be excavated from a pit could be ROM heap leached to supplement production. Initial test results are showing that recoveries increase with heap leach feeds sized as fine as -1/16 inch using HPGR’s, but completion of tests in progress and perhaps additional tests are needed.

## **Results of Operations**

### ***Three Months Ended September 30, 2019 Compared to September 30, 2018***

	<b>Three Months Ended</b>	
	<b>9/30/19</b>	<b>9/30/18</b>
Operating expenses		
General and administrative	\$242,991	\$52,252
Lease expense	0	16,000
Exploration, evaluation and project expense	143,721	53,071
Total operating expenses	<u>386,712</u>	<u>121,323</u>
Net operating loss	(386,712)	(121,323)
Interest expense	(18,148)	(14,626)
Net loss	<u><u>\$(404,860)</u></u>	<u><u>\$(135,949)</u></u>

*Nine Months Ended September 30, 2019 Compared to September 30, 2018*

	<b>Nine Months Ended</b>	
	<b>9/30/19</b>	<b>9/30/18</b>
Operating expenses		
General and administrative	\$838,510	\$176,070
Lease expense	16,000	16,000
Exploration, evaluation and project expense	256,550	119,557
Total operating expenses	<u>1,111,060</u>	<u>311,627</u>
Net operating loss	(1,111,060)	(311,627)
Interest expense	(53,004)	(42,287)
Net loss	<u><u>\$(1,164,064)</u></u>	<u><u>\$(353,914)</u></u>

We are still in the exploration stage and have generated no revenues to date.

For the nine months ending September 30, we incurred professional fees comprised of (1) accounting fees for annual audit and consulting for a total of \$75,000 in 2019 compared to \$48,000 in 2018, (2) legal fees for review of quarterly filings, prospectus for Canadian listing and general services for a total of \$56,000 in 2019 and \$6,000 in 2018 and (3) marketing and corporate services of \$562,000 in 2019 compared to \$3,000 spent in 2018. The 2019 marketing and corporate services includes (i) 900,000 common shares the Company issued valued at \$0.09 per share for a non-cash transaction valued at \$81,000; (ii) 900,000 common shares the Company issued valued at \$0.14 per share for a non-cash transaction valued at \$126,000; (iii) 900,000 common shares the Company issued valued at \$0.11 per share for a non-cash transaction valued at \$99,000; and (iv) marketing services of \$230,000 to a consultant. In addition, there was payroll expense of \$80,000 for both 2019 and 2018.

As of September 30, 2019, and December 31, 2018, the Company has a related party payable with David Beling, CEO and President, of \$617,077 and \$578,764, respectively. This amount at September 30, 2019 consists of \$213,450 of expense reports plus interest of \$140,223 and salary of \$191,667 plus interest of \$71,737. Interest is accrued at a rate of 1% per month. This resulted in \$53,000 of interest expense in 2019 versus \$42,000 in 2018.

For the nine months ending September 30, exploration, evaluation and project expense costs included professional consulting services for a total of approximately \$257,000 in 2019 compared to \$120,000 in 2018. Included in the expense is continued payments for lab testing and project review, in addition to filing fees with the US Bureau of Land Management and Nye County totaled \$43,000 in 2019.

For the three months ending September 30, we incurred professional fees comprised of (1) accounting fees for annual audit and consulting for a total of \$21,000 in 2019 compared to \$13,000 in 2018, (2) legal fees for review of quarterly filings, prospectus for Canadian listing and general services for a total of \$48,000 in 2019 and \$0 in 2018 and (3) marketing and corporate services of \$125,000 in 2019 compared to \$1,000 spent in 2018. The 2019 marketing and corporate services includes 900,000 common shares the Company issued valued at \$0.11 per share for a non-cash transaction valued at \$99,000; and marketing services of \$25,000 to a consultant. The interest expense owed to David Beling, as previously discussed, for the three months was \$18,000 in 2019 and \$15,000 in 2018. In addition, there was payroll expense of \$26,000 for both 2019 and 2018.

For the three months ending September 30, exploration, evaluation and project expense costs included professional consulting services for a total of approximately \$144,000 in 2019 compared to \$53,000 in 2018. Included in the expense is continued payments for lab testing and project review, in addition to filing fees with the US Bureau of Land Management and Nye County totaled \$43,000 in 2019.

### **Liquidity and Capital Resources**

To continue as a going concern, the Company will need to raise additional funds and attain profitable operations. The Company has no committed sources of capital and additional funding may not be available on terms acceptable to the Company, or at all.

On October 29, 2014, Rocky Mountain Minerals Corp. a wholly owned subsidiary of the Company, entered into an Option Agreement (the “Option”) with Mojave Gold Mining Corporation (“Mojave”). Mojave holds and possesses the purchase rights to 100% of 12 patented mining claims located in Nye County, Nevada. This property is contiguous to the Company’s Bullfrog Project and covers approximately 156 acres, including the northeast half of the Montgomery-Shoshone (M-S) pit mined by Barrick Gold in the 1990’s.

Mojave granted to RMM the sole and immediate working right and option with respect to the property until the 10th anniversary of the closing date, to earn a 100% interest in and to the property free and clear of all charges encumbrances and claims, save and except a sliding scale Net smelter return (or NSR) royalty.

In order to maintain in force, the working right and Option granted to it, and to exercise the Option, RMM granted Mojave 750,000 shares of common stock and paid \$16,000. In addition, to exercise the option, RMM must pay to Mojave a total of \$190,000 over the next 10 years. For reference, Barrick Bullfrog Inc. (“Barrick”) terminated a lease on these patents after they ceased operations in late 1999.

On March 23, 2015, RMM the 100% owned subsidiary of the Company entered into a Mineral Lease and Option to Purchase Agreement with Barrick Bullfrog involving patented mining claims, unpatented mining claims, and mill site claims (“Properties”) located approximately four miles west of Beatty, Nevada. These Properties are strategically located adjacent to the Company’s Bullfrog Gold Project and include two patents that cover the southwest half of the Montgomery-Shoshone (M-S) open pit gold mine. In October 2014 the Company optioned the northeast half of the M-S pit and now controls the entire pit.

On May 21, 2019 the Barrick Agreement was amended whereby work commitments for the fifth anniversary and the total of \$1.5 million were extended to September 23, 2020. The final work commitment has been accounted at \$561,762.

On October 29, 2014, RMM entered into an Option Agreement (the “Option”) with Mojave Gold Mining Corporation (“Mojave”). Mojave holds and possesses the purchase rights to 100% of 12 patented mining claims located in Nye County, Nevada. This property is contiguous to the Company’s Bullfrog Project and covers approximately 156 acres, including the northeast half of the Montgomery-Shoshone (M-S) pit mined by Barrick Gold in the 1990’s.

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To maintain in force, the working right and Option granted to it, and to exercise the Option, RMM granted Mojave 750,000 shares of common stock and paid \$16,000 in October 2014. In addition, to exercise the option, RMM must pay to Mojave a total of \$190,000 over the next 10 years of which he Company has paid \$60,000. Future payments due as follows:

<b><u>Due Date</u></b>	<b><u>Amount</u></b>
October 2019	\$20,000
October 2020	\$25,000
October 2021	\$25,000
October 2022	\$30,000
October 2023	\$30,000

On July 1, 2017, RMM entered a 30-year Mineral Lease (the “Lunar Lease”) with Lunar Landing, LLC. (“Lunar”), the owner of 24 patented mining claims situated in the Bullfrog Mining District, Nye County, Nevada. RMM shall expend as minimum work commitments of \$50,000 per year until a cumulative of \$500,000 of expense has been incurred. RMM paid Lunar \$26,000 on the Effective Date and makes lease payments on the following schedule:

<u>Years Ending December 31</u>	<u>Annual Lease Payment (\$)</u>
2019-2022	16,000
2023-2027	21,000
2028-2032	25,000
2033-2037	30,000
2038-2042	40,000
2043-2047	45,000

In August 2018 and December 2018, the Company staked and recorded an additional 46 unpatented claims, for a total of 134 claims staked by the Company.

In March 2019, the Company completed the final closing of a \$1,127,400 private placement of equity. The subscriptions were priced at \$0.05 per unit, which consisted of one share of the Company's common stock and a two-year warrant to purchase a one-half share at a price of \$0.10 per share. The initial closing of \$835,000 was completed on February 11, 2019.

We will need to raise additional funding through financing transactions, which may include the issuance of equity or debt securities, obtaining credit facilities, or other financing mechanisms. Such additional financing may not be available on terms acceptable to us, or at all. Furthermore, if we issue additional equity or debt securities, stockholders may experience additional dilution or the new equity securities may have rights, preferences or privileges senior to those of existing holders of our common stock.

The consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities and commitments in the normal course of business. In the event that we are unable to continue as a going concern, we may be unable to realize the carrying value of our assets and to meet our obligations as they become due. To continue as a going concern, we will need to raise additional capital. However, we have no commitment from any party to provide additional capital and there is no assurance that such funding will be available when needed, or if available, that its terms will be favorable or acceptable to us.

If we are unable to raise additional financing, we may have to substantially reduce or cease operations.

#### **Off Balance Sheet Arrangements**

We do not engage in any activities involving variable interest entities or off-balance sheet arrangements.

#### **Critical Accounting Policies and Use of Estimates**

Stock based compensation is measured at grant date, based on the fair value of the award, and is recognized as an expense over the employee's requisite service period. We estimate the fair value of each stock option as of the date of grant using the Black-Scholes pricing model. The Company determines the expected life based on historical experience with similar awards, giving consideration to the contractual terms, vesting schedules and post-vesting forfeitures. The Company uses the risk-free interest rate on the implied yield currently available on U.S. Treasury issues with an equivalent remaining term approximately equal to the expected life of the award. The Company has never paid any cash dividends on its common stock and does not anticipate paying any cash dividends in the foreseeable future.

Mineral property exploration costs are expensed as incurred until such time as economic reserves are quantified. To date, the Company has not established any proven or probable reserves on its mineral properties. Costs of lease, exploration, carrying and retaining unproven mineral lease properties are expensed as incurred. The Company has chosen to expense all mineral exploration costs as incurred given that it is still in the exploration stage. Once the Company has identified proven and probable reserves in its investigation of its properties and upon development of a plan for operating a mine, it would enter the development stage and capitalize future costs until production is established. When a property reaches the production stage, the related capitalized costs will be amortized over the estimated life of the probable-proven reserves. When the Company has capitalized mineral properties, these properties will be periodically assessed for impairment of value and any diminution in value. To date, the Company has not established the commercial feasibility of any exploration prospects; therefore, all exploration costs are being expensed. Costs of property acquisitions are being capitalized.