# G2 Goldfields Inc.

## Management's Discussion and Analysis

# Annual and Fourth Quarter Report 2019

### For the year ended May 31, 2019

**GTWO** TSXV **www.g2goldfields.com**

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## Introduction

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of G2 Goldfields Inc. Inc. (formerly Sandy Lake Gold Inc.) ("G2 Goldfields the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended May 31, 2019. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited financial statements of the Company for the years ended May 31, 2019 and 2018, together with the notes thereto. All dollar figures are reported in Canadian dollars, unless otherwise specified. The Company's audited annual financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. Information contained herein is presented as of September 30, 2019, unless otherwise indicated.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors (the "Board"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of G2 Goldfields shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Additional information relating to the Company is available free of charge on the System for Electronic Document Analysis and Retrieval (SEDAR) website at **www.sedar.com.**

## Description of Business

The Company was incorporated as 7177411 Canada Corporation on May 21, 2009 under the laws of Canada. The Company is a Canadian based exploration company focused on the acquisition of mineral exploration projects. On April 4, 2019, the Company filed articles of amendment to change its name from "Sandy Lake Gold Inc." to "G2 Goldfields Inc.". The common shares are publicly traded on the TSX Venture Exchange ("TSX-V") under the symbol GTWO.

The head office, principal address and records office of the Company are located at 141 Adelaide Street West, Suite 1101, Toronto, Ontario, Canada, M5H 3L5.

At May 31, 2019, the Company had a working capital of $268,877(May 31, 2018 – working capital of $298,068). The Company had accumulated losses of $33,436,645 (May 31, 2018 - $32,418,506) and expects to incur further losses in the development of its business.

While the Company has been successful in securing financing to support past business activities, there is no assurance that it will be able to do so in the future. The Company will require additional financing in order to complete its planned work programs on mineral properties, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. Accordingly, the financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and financial position classifications that would be necessary were the going concern assumption inappropriate.

The Company currently controls approximately 42,000 hectares / 104,000 acres of contiguous mineral claim holdings in the Sandy Lake Greenstone Belt. In 2019, a 22 hole drill program in the western part of the claim package returned high grade gold intercepts of 34.50 g/t Au over 8.00 meters and 10.92 g/t Au over 10.33 meters.

The Company has completed a VTEM airborne and ground geophysics surveys over the Phase 1 target areas. In February 2018, the Company signed a 5,000-meter drill contract and has mobilized all necessary equipment for the project.

## Operational Highlights

### Corporate

During the year ended May 31, 2019, the Company earned no revenue and reported a loss of $1,018,139 with basic and diluted loss per share of $0.02. This compares to loss of $600,215 with basic and diluted loss per share of $0.01 for the year ended May 31, 2018. On an ongoing basis, the Company will review and evaluate new opportunities to acquire other mineral properties.

During the year ended May 31, 2019, the Company raised $3,032,000 as a result of a series of private placement.

The Company also raised $234,000 from the exercise of warrants throughout the year.

On August 6, 2019 the Company announced that it had received aggregate proceeds of $1,490,000 as a result of the exercise of 7,490,000 series 2017-I share purchase warrants that expired July 19, 2019. G2 Goldfields CEO Patrick Sheridan subscribed for $750,000 of the share purchase warrants and G2 Goldfields Executive Director and VP Exploration Dan Noone exercised $100,000 of his warrants.

On November 9, 2018 the Company announced that it had appointed Patrick Sheridan as Executive Chairman and CEO of the Company. Dan Noone stepped down as the Interim CEO but continues in his role as a Director.

On November 21, 2018 the Company announced that it had entered into a non binding letter of intent ("LOI") dated as of 19 November, 2018 to acquire Bartica Investments Inc ("Bartica").

At the time of closing of the Acquisition, Bartica will own a 100% beneficial interest in a suite of mineral exploration properties totaling approximately 25,888 acres in Guyana, South America, other than the properties known as the Oko properties in respect of which Bartica will hold an option to acquire a 100% interest, subject to a 2.5% net smelter return royalty, in consideration of (i) a cash payment of US$50,000 (which has previously been paid); (ii) additional aggregate cash payments of US$700,000 to be paid in tranches over a four year period; and (iii) the identification of a gold resource in excess of 250,000 ounces on the property and payment of advance net smelter return royalty of US$1,000,000.

An independent Committee of the Board was set up to review the transaction. The committee engaged Farber Corporate Finance ("Farber") to provide a fairness opinion in this regard.

Shareholder approval for the transaction was obtained at the Company's annual and special meeting of shareholders held on February 12, 2019.

Pursuant to an Amendment Agreement dated July 3, 2019, the number of Common Shares to be issued to the Vendors is 20,000,000 Common Shares, of which 10,500,000 Common Shares will be issuable to Patrick Sheridan, and an aggregate of 9,500,000 Common Shares will be issuable to the other two Vendors.

On November 22, 2018 the Company announced that Marie-Josée Audet had stepped down as the Chief Financial Officer of the Company and Yajian Wang had been appointed to the position of CFO.

On April 4, 2019 the Company announced that it had filed articles of amendment to (i) change its name from "Sandy Lake Gold Inc." to "G2 Goldfields Inc." (the "Name Change"); and (ii) consolidate the Company's issued and outstanding common shares on the basis of one (1) new common share for every two (2) existing common shares (the "Consolidation"), all effective as of April 4, 2019. Shareholder approval of the Name Change and Consolidation was obtained at the Company's annual and special meeting of shareholders held on February 12, 2019.

**Exploration Update for Mining Interests**

The Company's current holdings encompass approximately 50 km of a "Greenstone Belt" comprised of poly-deformed mafic volcanics, sandstones and banded iron formation the later of which the Company believes to be highly prospective for gold mineralization. The Company's geological and economic models are based on Goldcorp's Musslewhite Mine located 200 km south-east of the project. The Musslewhite Mine is a bulk mineable underground mine which has historical production of 4.4 M oz/Au and currently hosts total reserves of 3.3 M oz/Au. @ grade of 5.92 g/t.

In early 2018, the Company mobilized a drill rig and related equipment to the Weebigee Project site on a winter road in preparation for conducting exploration drilling. After the mobilization was complete, the Company was advised by the First Nations that their community was not prepared to authorize access to the land for the purpose of exploration and the Company immediately ceased work. The Company issued a press release on April 23, 2018 announcing the declaration of an event of Force Majeure pursuant to the Option Agreement relating to the Property (as defined in the Option Agreement) at the Weebigee Project due to inability to work on or near, or have any access to the land relating to the Property.

On February 21, 2019, the Company announced that diamond drilling operations at the Weebigee Claims were scheduled to commence February 24, 2019. A 1,980-meter drill program was commenced, at 8 drill pad locations in the NW Arm with the consent of Sandy Lake First Nation Council.

On February 26, 2019, the Company announced the staking of an additional 315 Mining Claim Cells contiguous with the existing district scale land package for an aggregate total of approximately 51,000 ha. / 126,000 acres. The additional claims extend over an area of 6,122 hectares and cover a magnetic Formation with coincident VTEM chargeability anomalies; located on the southern boundary of the Company's contiguous 60 km. east-west claim package.

On May 13, 2019 the Company announced a significant new high-grade discovery at it's W1 Zone.

Hole 19-04 intercepted four zones of quartz veining and pyrite mineralisation that contained significant gold intercepts including:

| | |
|---|---|
| From 58m; | 2.4m @ 3.89 g/t Au |
| From 69m; | 8.0m @ 34.5 g/t Au |
| From 95.8m; | 1.64m @ 49.83 g/t Au |
| From 104m; | 3.0m @ 3.06 g/t Au |

Gold mineralisation is associated with silica flooding and quartz vein stockworks hosted within a 46m (downhole length) envelope of disseminated biotite / pyrite altered Quartz-Eye Porphyry (QEP).

Additionally in the W1 Zone, Hole 19-06 drilled through the hinge of a South East plunging syncline, intercepting strong mineralisation within the QEP above and below a mafic unit, including:

**Exploration Update for Mining Interests (continuing)**

From 60.10m; 5.80m @ 4.85 g/t Au
From 83.67m; 10.33m @ 10.92 g/t Au

On September 3, 2019 the Company announced results from an additional five holes in the W1/W2 areas.

Widths are drill indicated core lengths, as insufficient drilling has been undertaken to determine true widths at this time.

Significant intercepts include:

| Hole | From (m) | To (m) | Length (m) | Gold g/t |
|---|---|---|---|---|
| 19-07 | 7.24 | 13.47 | 6.23 | 4.85 |
| 19-09 | 12.00 | 17.21 | 5.21 | 5.02 |
| | 44.00 | 47.00 | 3.00 | 1.51 |
| | 64.00 | 66.00 | 2.00 | 3.26 |
| | 143.00 | 146.00 | 3.00 | 1.69 |
| | 148.00 | 153.00 | 5.00 | 2.42 |
| 19-10 | 40.00 | 45.00 | 5.00 | 2.92 |
| 19-11 | 43.06 | 45.00 | 1.94 | 7.05 |
| | 116.00 | 117.56 | 1.56 | 11.25 |

The W1/2 zone currently has a strike length of six hundred meters.

On September 3, 2019 the Company also announced the discovery of a new high-grade gold zone "W3".The new discovery is located approximately 1.8 km west of the Company's initial W1/W2 discovery area.

The W3 Zone was initially tested by seven drill holes of which the Company has received assay results for six holes, three of which intersected significant gold mineralization.

Widths are drill indicated core lengths, as insufficient drilling has been undertaken to determine true widths at this time.

| Hole | From (m) | To (m) | Length (m) | Gold (g/t) |
|---|---|---|---|---|
| 19-12 | 24.00 | 25.40 | 1.40 | 11.85 |
| 19-12 | 32.00 | 34.51 | 2.50 | 1.10 |
| 19-14 | 69.64 | 70.37 | 0.73 | 450.04 |
| 19-16 | 29.4 | 32.76 | 3.36 | 5.29 |

Drill Hole 19-16 is approximately 230 meters west of holes 19-12 and 19-14.

Mineralization in the W3 area is hosted within a tightly folded Banded Iron Formation (BIF), which initial drilling has demonstrated to be up to 60 meters in width. Gold mineralization in the sulphidised (pyrrhotite, pyrite, and chalcopyrite) BIF is coincident with chargeability anomalies defined by a VTEM geophysical airborne survey flown by G2 Goldfields in 2015. Importantly, geophysical studies by G2 Goldfields, as well as new geophysical data from the Government of Ontario, have outlined numerous VTEM anomalies throughout the 60km long BIF within the Company's holdings.

**Exploration Update for Mining Interests (continuing)**

A further 4 holes have been drilled at the W3 discovery area off of a pad located 300m to the west of Drill Hole 19-16. Assays are pending.

During the summer of 2019, a mapping and rock chip sampling program was completed over the Canoxy prospect which is located 5km to the East of the W1 / W2 area. Areas of VTEM chargeability anomalies associated with highly magnetic rocks were targeted and were shown to be comprised of sulphidised BIF. Assay results are pending.

## Goldeye Arbitration

On July 9, 2018, the Company announced a partial award in the Arbitration Proceedings with Goldeye. The Arbitral Tribunal has ruled in favour of the Company on all substantive issues (see press release dated July 9, 2018).

The two main issues were the amount of first year expenditures and whether Goldeye exercised an option to participate as a 50% joint venture with the Company in the ownership a of a large group of claims staked around the original Weebigee project in 2015. Goldeye, which initiated the proceedings, had alleged that the Company had failed to incur minimum first year expenditures of $500,000 on the Weebigee property as required by the May 2015 option agreement. The Arbitral Tribunal panel ruled that in fact the Company had incurred expenditures of $1,292,130 in the first year.

Significantly, the Tribunal also ruled that Goldeye failed to fulfill the conditions for participating as a joint venture in the surrounding mineral claim land package of approximately 80,000 acres (2,210 claim units), and that Goldeye has no ownership or any other rights over or interests in these claims.

On January 21, 2019 the Company announced that the Company has been awarded $926,960.03 in costs in the Arbitration Proceedings with Treasury Metals Inc. As noted in the press release of July 9, 2018 (available at www.sedar.com) the Arbitral Panel has ruled in favour of the Company (the Respondent) on all substantive issues. Additionally the counterclaim of the Company against Treasury Metals Inc. is pending before the Arbitral Panel and has not yet been determined.

## Outlook

With the successful result in the arbitration proceedings, the Company advanced the Sandy Lake Project by completing consultations with the First Nations groups in the project area to regain access to the exploration claims for the purposes of drilling and other exploration activities and to lifting the Force Majeure declared on April 23, 2018. The Company commenced exploration drilling and other exploration activities on February 24, 2019.

The Company will compile and analyse the results from the drilling and mapping completed to date and propose drill programs for the W3, W1/ W2 and Canoxy areas to be reviewed and approved by the First Nations groups in the area.

When the Bartica acquisition closes, work will commence in Guyana.

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## Trends

Management regularly monitors economic conditions and estimates their impact on the Company's operations and incorporates these estimates in both short-term operating and longer-term strategic decisions. In 2018 and 2019, equity markets in the junior resource sector, particularly the TSX-V, showed signs of improvement, with mining equity values increasing significantly during this period. Strong equity markets generally provide favourable conditions for completing a public merger, financing or acquisition transaction.

Apart from these and the risk factors noted under the heading "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements", management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations.

## Capital Resources

The Company does not have operations that generate cash flow and its long term financial success is dependent on management's ability to discover and develop economically viable mineral deposits. The mineral exploration process can take many years and is subject to factors that are beyond the Company's control.

In order to fund the Company's exploration and development programs and to cover administrative and overhead expenses, the Company raises money through equity sales and from the exercise of stock options and warrants. Although the Company has been successful in the past in obtaining financing to fund its exploration activities, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Many factors influence the Company's ability to raise funds, including the health of the resource market, the climate for mineral exploration investment, the Company's track record and the experience and calibre of its management.

The Company currently has sufficient financial resources to maintain operations for approximately the next 12 months but cautions that there are significant risks, which are beyond the control of management, related to potential adverse capital market conditions for small early stage exploration companies that occur from time to time.

## Selected Annual Information

The following table summarizes selected financial data of the Company for the three most recently completed financial years. The information set forth below should be read in conjunction with the audited financial statements, prepared in accordance with the IFRS and related notes.

| | Year ended May 31, 2019 | Year ended May 31, 2018 | Year ended May 31, 2017 |
|---|---|---|---|
| Total revenues | $nil | $nil | $nil |
| Total loss | $(1,018,139) | $(600,215) | $(770,388) |
| Net loss per share – basic | $(0.02) | $(0.01) | $(0.01) |
| Net loss per share – diluted | $(0.02) | $(0.01) | $(0.01) |

| | As at May 31, 2019 | As at May 31, 2018 | As at May 31, 2017 |
|---|---|---|---|
| Total assets | $11,922,980 | $8,926,396 | $7,225,945 |
| Total non-current financial liabilities | $nil | $nil | $nil |
| Distribution of cash dividends | $nil | $nil | $nil |

- The net loss for the year ended May 31, 2019, consisted primarily of (i) stock-based compensation of $355,811; (ii) wages and employee benefits of $111,193; (iii) professional fees of $245,170; and (iv) other working capital expenditures incurred to maintain the operations of the Company.

- The net loss for the year ended May 31, 2018, consisted primarily of (i) stock-based compensation of $162,643; (ii) wages and employee benefits of $110,974; (iii) professional fees of $76,325; and (iv) other working capital expenditures incurred to maintain the operations of the Company.

- The net loss for the year ended May 31, 2017, consisted primarily of (i) stock-based compensation of $415,495; (ii) professional fees of $128,651; (iii) wages and employee benefits of $52,581; and (iv) other working capital expenditures incurred to maintain the operations of the Company.

- As the Company has no recurring revenue, its ability to fund its operations is dependent upon securing financing. See "Trends" above and "Risk Factors" below.

## Selected Quarterly Information

The following table sets out selected unaudited quarterly financial information of the Company and is derived from unaudited quarterly financial statements prepared by management in accordance with IFRS.

| Three Months Ended | Total Revenue ($) | Profit or Loss | |
|---|---|---|---|
| | | Total ($) | Basic and Diluted (Loss) Income Per Share ($) [(1)] |
| 2019-May 31 | - | (682,618) | (0.01) |
| 2019-February 28 | - | (105,686) | (0.00) |
| 2018-November 30 | - | (108,106) | (0.00) |
| 2018-August 31 | - | (121,779) | (0.00) |
| 2018-May 31 | - | (187,999) | (0.00) |
| 2018-February 28 | - | (120,481) | (0.00) |
| 2017-November 30 | - | (161,845) | (0.00) |
| 2017-August 31 | - | (129,890) | (0.00) |

(1) Per share amounts are rounded to the nearest cent, therefore aggregating quarterly amounts may not reconcile to year-to-date per share amounts.

Another factor that affects the Company's reported quarterly results are reductions in the carrying value of the Company's mineral properties as the result of impairments. The carrying values of the Company's mineral properties are reviewed for potential impairment when circumstances indicate that a potential impairment exists. The size and timing of these impairments can significantly affect the Company's quarterly financial results and cannot be predicted.

## Discussion of Operations

<u>Three months ended May 31, 2019, compared with the three months ended May 31, 2018</u>

The Company's net loss totaled $682,618 for the three months ended May 31, 2019, with basic and diluted loss per share of $0.01. This compares with a net loss of $187,999 with basic and diluted loss per share of $0.00 for the three months ended May 31, 2018. The increase in net loss of $494,619 was principally due to the following:

- During the three months ended May 31, 2019, share-based compensation increased by $309,984 compared to a $70,478 decrease during the three months ended May 31, 2018. This increase is due to 2,700,000 new option granted on April 12, 2019. The Company expenses its stock options in accordance with the vesting terms of the options granted.
- Unrealized loss on marketable securities increased by $nil during the three months ended May 31, 2019 (three months ended May 31, 2018, $18,801).
- During the three months ended May 31, 2019, wages and employee benefits increased to $37,073 compared to $37,324 for the comparable period. The increase of $9,556 was primarily due to director fees accrued to five directors in the comparative period.
- Investor and community relations increased to $2,697 for the three months ended May 31, 2019 (three months ended May 31, 2018 - $5,736).
- Professional fees increased to $194,687 for the three months ended May 31, 2019 (three months ended May 31, 2018 - $33,178). The increase of $161,459 mainly due to increased legal fee.
- Consulting fees increased to $24,712 for the three months ended May 31, 2019 (three months ended May 31, 2018 - $10,094). The increase was primarily due to on increased in services provided by consultants.
- All other expenses related to general working capital.

<u>Year ended May 31, 2019, compared with the year ended May 31, 2018</u>

The Company's net loss totaled $1,018,139 for the year ended May 31, 2019, with basic and diluted loss per share of $0.02. This compares with a net loss of $600,215 with basic and diluted loss per share of $0.01 for the year ended May 31, 2018. The increase in net loss of $417,924 was principally due to the following:

- During the year ended May 31, 2019, share-based compensation totaled $355,811 compared to $162,643 the year ended May 31, 2018. The increase is due to option on April 12, 2019. The Company expenses its stock options in accordance with the vesting terms of the options granted.
- Unrealized loss on marketable securities totaled $8,136 during the year ended May 31, 2019 (year ended May 31, 2018 – of $42,104). The 500,000 Crusader shares were valued at $18,136 using the closing share price on May 31, 2018 and was written down to $10,000 to reflect a decrease in Crusader's share price as at May 31, 2019 at $0.02/per share.
- During the year ended May 31, 2019, wages and employee benefits totaled to $111,193 compared to $110,974 for the comparable period May 31, 2018. The increase is $219.
  There was no independent contractor in the comparative period.
- Investor and community relations totaled $10,424 for the year ended May 31, 2019 (year ended May 31, 2018 - $24,014). The decrease was primarily due to reduced activities.
- Professional fees increased to $245,170 for the year ended May 31, 2019 (year ended May 31, 2018 - $76,325). The $168,845 increase is due to the more business activities in year 2019, such as private placement, employee options granted and so.

- Consulting fees totaled to $93,912 the year ended May 31, 2019 (year ended May 31, 2018 - $51,144). The increase was primarily due to increase in services provided by consultants related to Sandy Lake, the Weebigee project.
- All other expenses related to general working capital.

As at May 31, 2019, the Company had assets of $11,922,980 and a net equity position of $10,956,037. This compares with assets of $8,926,396, and a net equity position of $8,431,021 at May 31, 2018. At May 31, 2019, the Company had $966,943 of current liabilities (May 31, 2018 - $91,205).

At May 31, 2019, the Company had a working capital of $268,877 (May 31, 2018 - $102,325). The company has cash of $1,091,626 at May 31, 2019 (May 31, 2018 - $307,687). The increase in working capital of $371,202 from May 31, 2018 to May 31, 2019, is primarily due to proceeds from the private placements of $3,032,000, and the exercising of warrant resulting in cash proceeds.

### Cash Flow

At May 31, 2019, the Company had cash of $1,091,626. The increase in cash of $778,649 from May 31, 2018 cash balance of $312,977 was a result of cash outflow in operating activities of $254,881, cash outflow in investing activity of $1,877,065 and cash inflow from financing activities of $2,910,595. Operating activities were affected by adjustments of share-based compensation of $355,811, unrealized loss on marketable securities of $8,136 and net change in non-cash working capital balances of $399,311 because of an increase in amounts receivable of $72,873, a decrease in prepaid expenses and deposits of $616 and an decrease in accounts payable and accrued liabilities of $307,881. The accounts payable and accrued liabilities and amounts due to related parties includes $169,337 (May 31, 2018 - $nil) owing to officers, directors and companies controlled by officers and directors. Investing activity consisted of mining interests expenditures of $1,877,065. The main portion of mining interest expenditures consist of mining exploration related expenses for a total of $768,823 drilling, geologist cost and consulting fee $524,629. Financing activities consisted of proceeds totaling of $3,910,595 from non-brokered private placements and warrants exercises and the issuance and repayment of related party loans.

## Liquidity and Financial Position

The activities of the Company, principally the acquisition, exploration, and development of properties prospective for base and precious minerals, are financed through the completion of equity transactions such as equity offerings and the exercise of stock options and warrants. The Company completed private placements of $1,185,000 on February 26, 2019; $904,100 on March 4, 2019; $660,900 on March 28, 2019. No options were exercised during the year ended May 31, 2019. A total of 1,170,000 warrants were exercised for total proceeds of $234,000 during the year ended May 31, 2019. See "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors".

As at May 31, 2019, the Company had a working capital of $268,877 (May 31, 2018 – working capital deficit of $102,325). The Company's continuing operations are dependent on its ability to secure equity and/or debt financing, with which it intends to identify, evaluate and acquire interests in mineral properties. The circumstances that could affect the Company's ability to secure equity and/or debt financing that are reasonably likely to occur are, without limitation, as follows:

- the state of capital markets generally;
- the prevailing market prices for base and precious minerals;
- changes in laws, regulations and political conditions.

Future exploration expenditure on the Company's Weebigee Project will be carried out in a manner consistent with the order of the Arbitration panel as described in the Company's press release dated September 20, 2017, the successful outcome in the arbitration as set out in the reasons of the Arbitration panel on July 9th, 2018 (see press release dated July 9, 2018) and the successful ongoing consultations with the First Nations including the resolution of force majeure issues described in the Company's press release dated April 23, 2018.

On January 21, 2019-- The Company has been awarded $926,960.03 in costs in the Arbitration Proceedings with Treasury Metals Inc. As noted in the press release of July 9, 2018 (available at www.sedar.com) the Arbitration Panel has ruled in favour of the Company (the Respondent) on all substantive issues.

## Off-Balance-Sheet Arrangements

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

## Proposed Transactions

There are no proposed transactions of a material nature being considered by the Company. The Company continues to evaluate properties and corporate entities that it may acquire in the future.

## Related Party Transactions

(b) The Company has identified its directors and certain senior officers as its key management personnel. The compensation cost for key management personnel is as follows:

| | Year Ended May 31, | |
|---|---|---|
| | **2019** | **2018** |
| Salaries and fees | **$ 198,667** | $ 50,000 |
| Share-based compensation | **$ 147,268** | $ 106,500 |
| Due to Related Parties | **$ 169,337** | $ nil |
| Loan to Ontario Inc. | **$ 276,749** | $ nil |

On July 8, 2015, the Company entered into an accounting support services agreement with Marrelli Support wherein Marrelli Support provided certain accounting support services to the Company. On July 8, 2015, in connection with such agreement with Marrelli Support, the Company retained Ms. Audet Marie-Josee, a senior employee of Marrelli Support, as its Chief Financial Officer ("CFO"). On November 19, 2018, Ms. Audet Marie-Josee stepped down as the CFO of the Company. During the fiscal year, Marrelli Support was compensated $12,148 (May 31, 2017 - $18,222) in connection with the services described above and no amounts were outstanding at year end (May 31, 2018 – $1,716).

(c) Major shareholder

To the knowledge of the directors and senior officers of the Company, as at May 31, 2019, no person or corporation beneficially owns or exercises control or direction over common shares of the Company carrying more than 10% of the voting rights attached to all common shares of the Company other than as set out below:

| | Number of Common Shares | Percentage of outstanding Common Shares |
|---|---|---|
| Patrick Sheridan | 19,939,074 | 30.00% |

(i) In connection with the non-brokered private placement completed on September 27, 2018, the following transactions occurred:

- Patrick Sheridan, Executive Chairman and CEO of the Company subscribed for 3,110,000 units;
- Michele McCarthy, former director subscribed for 85,000 units;
- Daniel Noone, director of the Company, subscribed for 335,000 units; and
- Bruce Rosenberg, director of the Company, subscribed for 170,000 units.

(ii) In connection with the non-brokered private placement completed on February 13, 2019, the following transactions occurred:

- Patrick Sheridan, Executive Chairman and CEO of the Company subscribed for 3,500,000 units;
- Daniel Noone, director of the Company, subscribed for 5,000,000 units; and
- Peter Mullens, director of the Company, subscribed for 1,500,000 units.

## Capital Risk Management

The Company considers its capital to consist of share capital, contributed surplus and deficit, in the definition of capital, which as at May 31, 2019, totaled $10,956,037 (May 31, 2018 - $8,431,021).

The Company's objective when managing capital is to maintain adequate levels of funding to support its exploration activities and to maintain corporate and administrative functions necessary to support operational activities.

The Company manages its capital structure in a manner that provides sufficient funding for operational activities. Funds are primarily secured through equity capital raised by way of private placements. During the year ended May 31, 2019, the Company completed private placements of $3,032,000. There can be no assurances that the Company will be able to continue raising equity capital in this manner.

The Company invests all capital that is surplus to its immediate operational needs in short-term, liquid and highly rated financial instruments, such as cash and other short-term guaranteed deposits, and all are held in major financial institutions.

There were no changes to the Company's approach to capital risk management during the year.

## Financial Instruments and Risk Factors

The Company's risk management activities include the preservation of capital by minimizing risk related to its cash. The Company does not trade financial instruments for speculative purposes. The Company does not have a risk management committee or written risk management policies. The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, fair value and market risk (including interest rate risk, currency risk and price risk). There were no changes to the Company's policies and objectives for managing risk during the year.

(a) Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company is not exposed to any credit risks attributable to customers and does not engage in any sales activities.

The Company's cash are held in major Canadian and International financial institutions and the Company has no investment in non-bank asset-backed commercial paper.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities as they come due. The Company's investment policy is to invest its excess cash in high grade investment securities with varying terms to maturity, selected with regard to the expected timing of expenditures for continuing operations. Accounts payable and accrued liabilities are all current. The Company monitors its liquidity position and budgets future expenditures, in order to ensure that it will have sufficient capital to satisfy liabilities as they come due.

As at May 31, 2019, the Company had current liabilities of $966,943 (May 31, 2018 - $495,375) due within 12 months and has cash of $1,091,626 (May 31, 2018 - $312,977) to meet its current obligation. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity.

(c) Fair Value

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect estimates.

The carrying values of amounts receivable and accounts payable and accrued liabilities approximate fair values due to the relatively short-term maturities of these instruments.

(d) Market Risk

<u>Interest rate risk</u>
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company has no significant risk to future cash flows from interest rate risk. The Company does not use derivative instruments to reduce its exposure to interest rate risk.

<u>Currency risk</u>

The Company's functional and presentation currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company is not exposed to foreign currency risk.

<u>Price risk</u>
The Company is exposed to price risk with respect to equity prices and commodity prices. Equity price risk is defined as the potential adverse impact on the Company's loss due to movements in individual equity prices or general movements in the level of stock market. Commodity price risk is defined as the potential adverse impact and economic value due to commodity price movements and volatilities.

The Company's marketable securities are subject to fair value fluctuations arising from changes in the equity markets and currently amount to $10,000 (May 31, 2018 - $18,136).

## Share Capital

As at the date of this MD&A, the Company had a total of 73,188,987 common shares.

As at the date of this MD&A, an aggregate of 6,000,000 stock options are outstanding, 4,101,405 of which have vested. Each stock option entitles the holder to acquire one common share at a price of $0.18 to $0.40 per common share with an expiry date of October 19, 2021 to March 6, 2023.

As at the date of this MD&A, an aggregate of 20,877,730 warrants are outstanding. Each warrant entitles the holder to acquire one common share at a price of $0.20 to $0.40 per common share with an expiry date of November 17, 2019 to March 28, 2021.

## Changes in Accounting Policies and Recent Accounting Pronouncements

IFRS 9 Financial Instruments (New) In July 2014, the International Accounting Standards Board (IASB) issued the final version of IFRS 9 (2014), incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in February 2015, as a complete standard including the requirements previously issued and the additional amendments to introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. This standard will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 (2014) is effective for reporting periods beginning on or after January 1, 2018 with early adoption permitted (subject to local endorsement requirements).

IFRS 9 (2014) supersedes all previous versions including IFRS 9 (2009), IFRS 9 (2010) and IFRS 9 (2013). However, an entity may elect to apply those earlier versions of IFRS 9 instead of applying IFRS 9 (2014) if, and only if, the entity's relevant date of initial application is before February 1, 2015.

The most significant improvements apply to those that hedge non-financial risk, and so these improvements are expected to be of particular interest to non-financial institutions. The new standard is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. The Company adopted this standard on June 1, 2018 and it did not have a material impact on the financial statements.

Certain pronouncements were issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods after January 1, 2019 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded from the list below.

**IFRS 15 Revenue from Contracts with Customers (New)**

In May 2014, the International Accounting Standard Board (IASB) issued a new International Financial Reporting Standard (IFRS) on the recognition of revenue from contracts with customers which was incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in February 2015. IFRS 15 specifies how and when entities recognize revenue, as well as requires more detailed and relevant disclosures. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue – Barter Transactions Involving Advertising Services. The Section provides a single, principles based five-step model to be applied to all contracts with customers, with certain exceptions. The five steps are:

- Identify the contract(s) with the customer.
- Identify the performance obligation(s) in the contract.
- Determine the transaction price.
- Allocate the transaction price to each performance obligation in the contract.
- Recognize revenue when (or as) the entity satisfies a performance obligation.

The standard is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Company adopted this standard on June 1, 2018 and it did not have a material impact on the financial statements.

**IFRS 16 Leases (New)**

In January 2016, the International Accounting Standards Board (IASB) issued a new International Financial Reporting Standard (IFRS) on lease accounting which was incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in June 2016. IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC-15 Operating Leases - Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 introduces a single lessee accounting model that requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Lease assets and liabilities are initially recognized on a present value basis and subsequently, similarly to other non-financial assets and financial liabilities, respectively. The lessor accounting requirements are substantially unchanged and, accordingly, continue to require classification and measurement as either operating or finance leases. The new standard also introduces detailed disclosure requirements for both the lessee and lessor.

The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that also apply IFRS 15 Revenue from Contracts with Customers. The Company adopted this standard on February 1, 2019 and it did not have a material impact on the financial statements.

## Risk Factors

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position.

The Company's business of mineral exploration has a high level of inherent risk associated with it. The Company's exploration activities may also be affected by changes in environmental and other governmental regulation.

The financial condition of the Company is influenced by a number of market risks. Fluctuations in market prices, foreign exchange rates and unit costs of production are the most significant risks experienced by the Company.

The Company purchases insurance to mitigate losses that may arise from certain liabilities . The cost of this insurance and the specific protection provided by the policies will vary from year to year depending on the conditions in the insurance market. The Company believes that the insurance program it has in place continues to prudently address its risk exposure in the ordinary course of business for a company of similar size

Risks associated with operations are numerous and include environmental pollution, accidents or spills, industrial and transportation accidents, labour disputes, blockades, changes in regulatory environment, natural phenomena and unexpected geological conditions. Many of the foregoing risks and hazards could result in damage to, or destruction of the Company's mineral properties, personal injury or death, environmental damage, delays in or interruption of or cessation of production in its exploration or development activities.

The Company is subject to litigation risks. All industries, including the mining industry, are subject to legal claims, with and without merit. Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which the Company is or may become subject could have a material effect on its financial position, results of operations or the Company's mining and project development operations.

The Company is subject to normal worker health, safety and environmental risks associated with its mining and exploration operations. The Board will oversee the health and safety of the Company's operations in order to mitigate potential hazards and optimize the health and safety of employees, contractors and the public in general. Operational changes are increasingly subject to regulatory approval that may include delays due to longer and more complex regulatory review and approval process. These increasing requirements are expected to continue to result in higher administration costs and capital expenditures for compliance.

First Nations in Ontario are increasingly making lands and rights claims in respect of existing and prospective resource projects on lands asserted to be First Nation traditional or treaty lands. Should a First Nation make such a claim in respect of the properties and should such claim be resolved by government or the courts in favour of the First Nation, it could materially adversely affect the business of the Company. In addition, consultation issues relating to First Nation interests and rights may impact the Company's ability to pursue exploration, development and mining at its projects and could results in costs and delays or materially restrict the Company's activities.

## Disclosure Controls

Management has established processes it believes provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the financial statements; and (ii) the financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Company uses the Venture Issuer Basic Certificate, which does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS). The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

## Cautionary Note Regarding Forward-Looking Statements

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

| Forward-looking statements | Assumptions | Risk factors |
|---|---|---|
| Potential of the Company's properties to contain economic deposits of any mineral discovered | Financing will be available for future exploration and development of the Company's properties; the actual results of the Company's exploration and development activities will be favourable; operating, exploration and development costs will not exceed the Company's expectations; the | Price volatility of any mineral discovered; uncertainties involved in interpreting geological data and confirming title to, and interests in, properties; the possibility that future exploration results will not be consistent with the Company's expectations; availability of financing for and actual results of |

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| | Company will be able to retain and attract skilled staff; all requisite regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to the Company, and applicable political and economic conditions are favourable to the Company; the price of applicable minerals and applicable interest and exchange rates will be favourable to the Company; no title disputes exist with to the Company's properties | the Company's exploration and development activities; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company's ability to retain and attract skilled staff; availability of permits |
| While the Company has no source of revenue, it believes that it has sufficient cash resources to meet its expected general and administrative expenses for the twelve months, starting May 31, 2019, depending on future events<br><br>The Company expects to incur further losses in the development of its business | The operating activities of the Company for the next twelve months and beyond, starting from May 31, 2019, and the costs associated therewith, will be consistent with the Company's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to the Company | Changes in debt and equity markets; timing and availability of external financing on acceptable terms; changes in the operations currently planned for 2019; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions |
| The Company's ability to carry out anticipated exploration and maintenance on its property interests and its anticipated use of cash | The exploration and maintenance activities of the Company for the year ended May 31, 2019, and the costs associated therewith, will be consistent with the Company's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to the Company; satisfactory resolution of force majeure and arbitration matters concerning the Weebigee Project | The receipt of applicable permits; uncertainties relating to applicable First Nations matters and arbitration concerning the Weebigee Project |
| Plans, costs, timing and capital for future exploration and development of the Company's property interests, including the costs and potential impact of complying with existing and proposed laws and regulations | Financing will be available for the Company's exploration and development activities and the results thereof will be favourable; actual operating and exploration costs will be consistent with the Company's current expectations; the Company will be able to retain and attract skilled staff; all applicable regulatory and governmental approvals for exploration projects and other operations will be received on a | Price volatility of any mineral discovered, changes in debt and equity markets; timing and availability of external financing on acceptable terms; the uncertainties involved in interpreting geological data and confirming title to acquired properties; the possibility that future exploration results will not be consistent with the Company's expectations; increases in costs; environmental compliance and changes in environmental and |

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|---|---|---|
| | timely basis upon terms acceptable to the Company; the Company will not be adversely affected by market competition; debt and equity markets, exchange and interest rates and other applicable economic and political conditions are favourable to the Company; the price of any applicable mineral will be favourable to the Company; no title disputes exist with respect to the Company's properties; satisfactory resolution of force majeure and arbitration matters concerning the Weebigee Project | other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company's ability to retain and attract skilled staff; availability of permits; market competition; uncertainties relating to applicable First Nations matters and arbitration concerning the Weebigee Project |
| Management's outlook regarding future trends, including the future price of any mineral discovered and availability of future financing | Financing will be available for the Company's exploration and operating activities; the price of applicable minerals will be favourable to the Company | Price volatility of any mineral discovered; changes in debt and equity markets; interest rate and exchange rate fluctuations; changes in economic and political conditions; availability of financing |
| Prices and price volatility for any mineral discovered | The price of any mineral discovered will be favourable; debt and equity markets, interest and exchange rates and other economic factors which may impact the price of any mineral discovered will be favourable | Changes in debt and equity markets and the spot price of any mineral discovered, if available; interest rate and exchange rate fluctuations; changes in economic and political conditions |
| Consultations with local First Nations for the Weebigee Project | The Company will engage appropriate consultation with local First Nations and with the Government of Ontario which will result in the Company resuming work on the Weebigee Project | Consultations with local First Nations may result in significant additional costs to continuing work on the Weebigee Project. |

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please also make reference to those risk factors referenced in the "Risk Factors" section above. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.