



# Cabral Gold

## **Cabral Gold Inc.**

(An Exploration Stage Company)

Interim MD&A – Quarterly Highlights

For the three months ended March 31, 2020

Dated: May 29, 2020

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### **Management Discussion and Analysis**

The following Interim MD&A – Quarterly Highlights (“MD&A”) of Cabral Gold Inc. (“Cabral” or the “Company”) has been prepared as at May 29, 2020. It is intended to be read in conjunction with the condensed interim consolidated financial statements of the Company for the three months ended March 31, 2020.

This Interim MD&A – Quarterly Highlights has been compiled in accordance with Section 2.2.1 of Form 51-102F1 - *Management’s Discussion & Analysis*.

All of the financial information presented in this MD&A has been prepared in accordance with International Financial Reporting Standards (“IFRS”) unless otherwise noted.

All monetary amounts, including comparatives, are expressed in Canadian dollars unless otherwise noted.

Dr. Adrian McArthur, B.Sc. Hons, PhD. FAusIMM., a consultant to the Company as well as a Qualified Person as defined by National Instrument 43-101 (“NI 43-101”), approved the technical information in this MD&A.

Gold results quoted herein have been determined by fire assay at SGS Laboratories, Belo Horizonte.

### **Overview**

The Company is a mineral exploration and development company with interests in gold projects in the state of Pará in northern Brazil. Cabral’s primary project is Cuiú Cuiú.

The Company holds its interest in Cuiú Cuiú through Magellan Minerais Prospecção Geológica Ltda. (“Magellan Brazil”). Magellan Brazil is a wholly owned subsidiary of Cabral Gold Ltd. (“CGL”) which in turn is a wholly owned subsidiary of the Company.

### **Highlights**

The three months ended March 31, 2020 and the period ended May 29, 2020 were highlighted by the following activities and initiatives:

#### ***Exploration and development***

- In April 2020, the Company announced that it had suspended all field work at the Cuiú Cuiú project in Brazil and had temporarily closed both of its offices (Vancouver, Canada and Itaituba, Brazil) in response to the Covid-19 outbreak and in order to protect staff and the local community from potential infection. The commencement of exploration activity at Cuiú Cuiú will be dependent on improvements in the Covid-19 situation as well as the Company’s ability to raise funds through the recently announced equity private placement
- In February 2020, the Company announced that it had acquired a track mounted reverse circulation drill which will allow for the rapid and cost-effective testing of various targets within the Cuiú Cuiú project area

## *Finance*

- The balance of cash and cash equivalents as at March 31, 2020 was \$31,987 and the net working capital deficit as at this date was \$243,254 (see 'Liquidity and going concern')
- In May 2020, the Company announced a non-brokered private placement of up to 16,000,000 common shares at a price of \$0.125 per share for gross proceeds of up to \$2,000,000
- The R\$ depreciated 22% in 2020 through May 22. The Company has benefited from this volatility as the relative depreciation of the R\$ serves to reduce R\$ denominated expenditures and liabilities when measured in \$.

## **Cuiú Cuiú**

The Company's primary gold project is Cuiú Cuiú.

### *2020 year to date work program*

#### Q4 2019 drill program

The second diamond drill program of 2019 commenced in late September 2019 and continued through November 2019; drill results were received through Q1 2020. Highlights of the program are presented in the Company's news releases issued in Q4 2020 and Q1 2020 and on its website and include the following:

- MG deposit: 16.9m @ 9.6 g/t gold from 82.6m including 7.6m @ 18.5 g/t gold from 91.9m in hole 199-19 (see press release dated November 7, 2019)
- MG deposit: 14.2m @ 6.7 g/t gold from 109.4m depth including 5.6m @ 13.0 g/t gold from 109.4m and 0.9m @ 22.4 g/t gold from 121.3m depth in drill hole 202-19 confirming the along strike and down dip continuity of high-grade mineralization (see press release dated January 20, 2020)
- MG second zone of high-grade gold mineralization: 7.8m @ 4.7 g/t gold including 0.6m @ 48.5 g/t gold in drill hole 201-19 (see press release dated January 20, 2020)
- Central deposit: 17.3m @ 2.1 g/t gold including 6.0m @ 4.9 g/t gold from 130.5m in hole 204-19 and 39.6m @ 1.3 g/t gold from 126.6m including 3.6m @ 6.0 g/t gold and 2m @ 5.0 g/t gold in hole 205-19 and 38.5m @ 1.5 g/t gold including 1.5m @ 6.0 g/t and 1.6m @ 8.6 g/t gold in hole 206-19 (see press release dated February 5, 2020).

#### Other exploration activity

Exploration initiatives undertaken during 2020 to date included the following:

- At the Alonso target, a soil sampling program was initiated in Q1 2020 aimed at defining geochemical anomalies following the recognition of high-grade rock chips on the margin of alluvial workings. Approximately 300 samples have been collected to date. Both the Alonso and Cilmar areas are associated with a post-mineralization cover sequence extending over part of the area, and subtle anomalies are considered significant
- A trench at the Alonso target identified a vein interval which returned 1.3m @ 7.1 g/t. A composite grab from the same vein 8m to the east returned a grade of 15.8 g/t gold, where the trench was first attempted but then abandoned. The northern limit of the trench terminated within a low-grade halo (4m @ 158 ppb gold). The extent of trenching is limited by wet season conditions, and further work is required to determine the cross-strike footprint of mineralization
- Further reconnaissance work identified a site with mineralized boulders located 950m to the west-south-west of Alonso, returning values of 1.0 to 7.7 g/t gold. The rock chip results coupled with the magnetic imagery suggests that a network of east to north-easterly trending prospective structures are present over this poorly exposed area

- Following the success in identifying the new Alonso high-grade target, continued reconnaissance mapping and sampling in the eastern part of the concession area identified additional mineralized blocks in an area 4km east of Alonso. Two areas of quartz-sulphide blocks on surface returned values of 1.1 to 82.1g/t gold (13 samples averaging 26.0g/t gold) and 5.2 to 50.1 g/t gold (6 samples averaging 21.8g/t gold). The two areas are located 330m apart and blocks are all angular in nature suggesting that they are very close to source. The new target has been named Medusa after the complex structural setting suggested by the airborne magnetic data.

Medusa is located within a flexure in the main Tocantinzinho structure where the principal orientation of the structure appears to bend east-west. This structural corridor hosts Eldorado Gold Corporation's Tocantinzinho gold resource 20 kilometres to the south-east, along with the Santa Patricia porphyry copper-molybdenum deposit located 13 kilometres to the south-east. Medusa is the first target at Cuiú Cuiú identified by Cabral which sits within the main Tocantinzinho fault zone. The Medusa target and the structural extensions of the fault zone will be a focus for ongoing exploration.

### ***RC drill rig***

In February 2020, Cabral announced that it had acquired a track mounted ASV Scout ST-50 reverse circulation drill rig that is capable of drilling holes to a maximum of 200m depth. This will allow the Company to rapidly and cost effectively test its growing portfolio of high-grade targets.

The rig is second hand but barely used and was acquired for a total of US\$ 125,000 which includes some maintenance costs. The purchase and importation of a new rig into Brazil would have cost approximately US\$ 1.1 million. Management estimates RC drill costs could be as low as 10% of the cost of diamond drilling, or approximately \$25 per metre including geochemical analysis.

As at May 29, 2020, the rig was undergoing maintenance in Itaituba but should be available during Q2 2020 and will be used to test Alonso, Medusa and other regional targets, as well as further drilling of the high-grade zones identified to date at both the MG and Central deposits, along with shallow targets accessible to open pitting (see 'Company response to Covid-19' and 'Outlook')

### ***Permitting process***

Following completion of six years of exploration on various parts of the Cuiú Cuiú property, Magellan Brazil submitted the requisite Final Exploration Report to the Brazilian Department of Mines ("ANM") in October 2013. This report was in respect of the Central, Jerimum Baixo and Moreira Gomes tenements (claims 850.615/2004 and 850.047/2005). The report was approved by the ANM and published in November 2015.

Following the approval of this report, Magellan Brazil initiated the process of acquiring a mining license in 2016 which has involved the preparation of various studies and their submission to, and ultimate acceptance by applicable authorities in Brazil. Activities undertaken during 2020 to date relating to the acquisition of a mining license for the Cuiú Cuiú property have included the following:

- Q1 2020: Archaeological studies were completed and the final report was received. No archaeological sites of significance were encountered that would restrict the implementation of a mining plan
- Q1 2020: The malaria studies were completed and the related technical report was compiled and received.

Submission of the final environmental study ("EIA-RIMA") is now planned for the fourth quarter of 2020. A deferral in the submission date relative to previously announced dates was attributable to resources being redirected to exploration initiatives including the Q4 2019 diamond drill program.

Upon analysis and final approval of the PAE and publication in the official Diary of the Union, submission of the EIA-RIMA study will be required within six months. An application for extensions to the six-month limit can be made if required under special circumstances.

Direct permitting costs (relating primarily to third party studies) incurred in the three months ended March 31, 2020 amounted to \$21,414 (\$82,959 in the year ended December 31, 2019).

### ***Camp and other construction***

The Company continued the construction of the camp at Cuiú Cuiú in 2020 to date including the following:

- Construction of a new core shed with laboratory, sample storage and core cutting facility (completed in Q1 2020)
- Ongoing construction of living quarters for 26 employees including kitchen, office space and bathroom and laundry facilities.

As was the case with permitting, the completion of camp construction was deferred in 2019 to date to enable resources to be directed to the exploration programs. Specifically, completion of staff housing construction was put on hold and as a result, employee accommodation at Cuiú Cuiú continued to be rented from third parties.

### ***Company response to Covid-19***

In order to protect both staff and the local Cuiú Cuiú community from potential infection arising from Covid-19, the Company suspended all field work at the Cuiú Cuiú project in Brazil for at least 14 days pursuant to local health authority recommendations in early April 2020. Due to Covid-19 outbreaks in Itaituba (where the Company's Brazil head office is located) and various towns and villages in the region, the work suspensions were still in place as at May 29, 2020. To date, there have been no confirmed cases of Covid-19 in Cuiú Cuiú, however, several suspected cases have recently been identified.

As part of its ongoing corporate social responsibility initiatives, the Company is continuing to provide local support during the current crisis through the provision of medical support and supplies to the community of Cuiú Cuiú and the maintenance of a medical outpost in the community to serve our staff, local partners and the broader community.

In response to the crisis, the Brazilian government has introduced various initiatives to reduce and defer payroll costs of employers such as Magellan Brazil. While such programs have provided significant financial relief to the Company through the reduction of its ongoing payroll costs, the Company has continued to incur payroll and other costs in Brazil while staff there have been largely idle and unable to undertake any form of exploration activity in the field. On May 29, 2020, The Brazilian government announced an extension of the program for a further two months through mid August (in respect of the Company).

Cabral temporarily closed both of its offices in Vancouver and Itaituba and all staff are currently working from home.

It is hoped that field work will recommence in June but such timing is currently uncertain. Brazil is suffering from the much-publicised continued growth in the spread of Covid-19 throughout the country. The decision to restart operations will be subject to applicable legislation as well as the Company's own assessment of the situation in Cuiú Cuiú and surrounding area.

## ***Outlook***

The commencement of exploration activity at Cuiú Cuiú will be dependent on improvements in the Covid-19 situation as well as the Company's ability to raise funds through the recently announced equity private placement (see 'Liquidity and going concern'). Subject to both issues, the Company's near term exploration plans are as described below.

Follow-up programs of rock chip and channel sampling is expected to continue at Machichie, as well as several other targets on the property in an effort to determine the strike extent of this discovery and other high-grade zones. New auger and soil sample grids are being established in previously untested areas in the Cilmar area in the northeast portion of the property.

Other exploration initiatives planned for 2020 include the following:

- Expansion of the drill program focussed on better defining high-grade trends within the established Central and MG resources following the success of the initial 2019 campaigns
- Placing the newly acquired RC drill rig into operation, testing the Alonso and Medusa targets before moving on to the regional targets outside of the current resource envelopes
- Ongoing soil sampling and auger drilling. This is expected to be focussed initially in the Medusa area and then extended along the Tocantinzinho structural corridor, a prominent regional structure hosting the Tocantinzinho gold resource and Santa Patricia porphyry Cu-Mo system of Eldorado Gold Corporation which is located along strike to the southeast
- Ongoing geological reconnaissance of the broader property following the positive results at the Alonso and Medusa targets which show that new high-grade gold occurrences remain to be located by geological mapping and prospecting.
- Continuation of third party studies relating to the permitting process. Applicable studies are on target to be submitted to the Brazilian Environmental authorities in late 2020. Estimated direct environmental permitting costs still to be incurred totalled approximately \$250,000 as at March 31, 2020 (see 'Contractual commitments')
- Completion of the camp living quarters at Cuiú Cuiú as referred to above.

## **Poconé properties**

The Company was a party to two sets of agreements with third parties pursuant to which mineral properties in the Poconé region of the state of Mato Grosso were to be identified, explored and developed. The first agreement was entered into between Magellan and ECI Exploration & Mining Inc. ("ECI") on October 17, 2011 effective December 2009 pursuant to which ECI and Magellan would share equally in the rights and responsibilities associated with the identification, exploration and development of mineral properties (the "ECI Venture"). The second set of agreements was between Magellan, ECI and Brasil Central Engenharia Ltda. ("Brasil Central") pursuant to which Magellan, ECI, and Brasil Central would seek to identify, explore and develop mineral properties through a newly incorporated entity, PGM. Magellan Brazil held a 35% interest in PGM through September 26, 2018.

Magellan's rights and responsibilities associated with both the ECI Venture and PGM were transferred to CGL pursuant to an agreement dated April 15, 2016 between CGL, Magellan and ECI.

While the Poconé properties have never had a carrying value in the books of the Company, Magellan Brazil's share of various liabilities relating to the ECI Venture and PGM were recognised.

Virtually no exploration activity was undertaken on any of the Poconé properties since 2012, however, claim maintenance charges continued to be incurred. In addition, the Company historically incurred various other charges and realised proceeds on the liquidation of certain assets relating to both the ECI Venture and PGM.

In August 2015, ECI received notification that a former optionor of one of the property interests acquired by ECI on behalf of the ECI Venture had filed a claim against ECI and PGM in connection with an option agreement that had been entered into with the ECI Venture in December 2009. As of May 29, 2020, no claim had been filed against the Company, however, the Company is responsible for 50% of costs of ECI pursuant to the ECI Venture agreement. The plaintiff is claiming an amount of US\$ 780,000 plus damages. Management has assessed the likelihood of a potential loss to be less than 50%. No accrual has been made in the accounts for any amount associated with the claim.

On September 26, 2018, an agreement was entered into pursuant to which the shares of PGM held by both Magellan Brazil and the Brazilian subsidiary of ECI were transferred to Brasil Central in exchange for Brasil Central taking over the debts of PGM and making nominal cash payments.

The disposal of PGM does not reduce the Company's exposure relating to the aforementioned legal claim against ECI and PGM. Furthermore, as part of the sale of PGM, Magellan Brazil and the Brazilian subsidiary of ECI provided an indemnification to PGM relating to any losses resulting from the legal claim.

## Proposed transactions

As at March 31, 2020 and May 29, 2020, there were no proposed asset or business acquisitions or dispositions being contemplated other than the sale of two secondary properties.

## Selected financial information

A summary of results in respect of the five quarters ended March 31, 2020 is as follows. This summary information has been derived from the audited consolidated financial statements and condensed interim consolidated financial statements (unaudited) of the Company.

### Statements of loss

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Revenue	-	-	-	-	-
Exploration and evaluation	918,719	511,988	614,432	792,747	544,294
Administration:					
Management	91,652	90,958	93,094	95,812	95,174
Office and administration	65,356	105,821	122,165	139,751	80,094
Stock-based compensation	138,928	73,394	117,317	96,302	77,301
Depreciation	23,592	25,580	25,819	33,622	37,646
Professional fees	13,516	26,997	11,402	5,479	9,731
Travel	24,173	17,510	11,404	18,123	7,774
Listing expense	5,675	6,358	2,746	2,360	2,186
	362,892	346,618	383,947	391,449	309,906
Foreign exchange loss (gain)	4,869	3,411	3,229	(360)	307
Interest income	(2,500)	(3,093)	(8,020)	(4,703)	(520)
Other income	(5,049)	-	151	(12,613)	(36,572)
<b>Net loss</b>	<b>1,278,931</b>	<b>858,924</b>	<b>993,739</b>	<b>1,166,520</b>	<b>817,415</b>

- Exploration and evaluation: An initial diamond drill program commenced in early 2019 and a second program commenced late in Q3 2019 (see 'Cuiú Cuiú – 2020 year to date work program')
- Management costs relate to compensation of the Company's officers (Executive Chairman, President and CEO and CFO). These amounts exclude stock-based compensation

- Office and administration relates to the costs of operating the Company's Vancouver office. The increase in 2019 relates to various marketing initiatives including attendance at conferences and various road shows
- Stock-based compensation relates to the issuance of three tranches of stock options and RSUs granted in Q3 2019:
  - June 2018: 450,000 stock options having an exercise price of \$0.23 and vesting over two years
  - January 2019: 1,644,672 stock options having an exercise price of \$0.25 and vesting over two years
  - September 2019: 266,666 RSUs issued vesting over three years
  - September 2019: 2,575,000 stock options having an exercise price of \$0.15 and vesting over two years
- Professional fees relate to audit fees, legal fees and certain advisory fees relating to the provision of marketing services
- Other income in Q4 2019 and Q1 2020 relates primarily to proceeds realised on the sale of a secondary property (not part of Cuiú Cuiú).

### *Statements of financial position*

	31-Mar-19	30-Jun-19	30-Sep-19	31-Dec-19	31-Mar-20
Cash and cash equivalents	554,655	138,230	1,973,465	705,725	31,987
Other current assets	148,632	176,939	168,797	190,242	151,357
Fixed assets	966,221	951,851	914,605	973,539	892,845
Mineral properties	1,460,518	1,504,469	1,498,392	1,538,620	1,449,663
<i>Total assets</i>	<i>3,130,026</i>	<i>2,771,489</i>	<i>4,555,259</i>	<i>3,408,126</i>	<i>2,525,852</i>
Accounts payable and accru	380,663	418,683	364,697	262,343	426,598
Other liabilities and provisio	3,229	3,084	7,203	-	-
Long-term liabilities	-	-	-	-	-
<i>Total liabilities</i>	<i>383,892</i>	<i>421,767</i>	<i>371,900</i>	<i>262,343</i>	<i>426,598</i>
Share capital	8,689,557	8,689,557	11,866,177	11,866,177	11,866,177
Reserves	1,682,858	1,756,252	1,933,742	2,030,044	2,107,345
Subscription receipts	-	404,000	-	-	-
Other comprehensive income	(233,597)	(248,479)	(371,213)	(338,571)	(644,986)
Accumulated deficit	(7,392,684)	(8,251,608)	(9,245,347)	(10,411,867)	(11,229,282)
<i>Total equity</i>	<i>2,746,134</i>	<i>2,349,722</i>	<i>4,183,359</i>	<i>3,145,783</i>	<i>2,099,254</i>
	-	-	-	-	-

- Fixed assets relate primarily to a 30 hectare plot of land in Cuiú Cuiú that was purchased by Magellan Brazil in early 2016 prior to its acquisition by Cabral. Movements in the period under consideration relate primarily to camp construction and purchase of miscellaneous capital purchases relating to the establishment of the exploration camp at Cuiú Cuiú offset by depreciation expense and the impact of the general deterioration in the value of the Brazilian reais relative to the Canadian dollar. Movements in Q1 2020 relate primarily to the purchase of the RC drill rig offset by depreciation expense and the impact of the considerable deterioration in the value of the Brazilian reais
- The balance of mineral properties relates to capitalised acquisition and claim maintenance costs. Increases relate to claim maintenance expenditures comprising payments to both the Brazilian authorities (Q1 and Q3) and members of the Cuiú Cuiú garimpiero condominium (Q2). As is the case with fixed assets, increases are offset by decreases associated with the general deterioration in the value of the Brazilian reais which were particularly significant in Q1 2020. With the exception of \$132,467, the March 31, 2020 balance related entirely to Cuiú Cuiú



- The balance of accounts payable and accrued liabilities increased as at March 31, 2020 relative to previous balance sheet dates due primarily to significant increases in amounts due to management in connection with funding provided to the Company in the form of unpaid management remuneration, expenses paid on behalf of the Company and advances to the Company. This liability remained outstanding as at May 29, 2020 (see ‘Liquidity and going concern’).

## **Liquidity and going concern**

As at March 31, 2020, the Company had a cash balance of \$31,987, and a net working capital deficit of \$243,524.

The Company’s cash balance was depleted during Q1 2020. Through March 31, 2020 and subsequent thereto, management has been funding operations through unpaid remuneration, expenses paid on behalf of the Company and funds advanced to the Company. These liabilities remained outstanding as at May 29, 2020. Where possible, the payment of significant expenses has been deferred.

### ***Going concern***

The nature of the Company’s operations results in significant expenditures for the acquisition and exploration of mineral properties. To date, the Company has not generated any revenue from mining or other operations as it is considered to be in the exploration stage.

The Company’s ability to continue as a going concern is dependent upon its ability to obtain additional funding from loans or equity financings provided by the Company’s existing shareholders and/or new shareholders or through other arrangements. There is no assurance that the Company will be successful in this regard.

The recoverability of the carrying value of mineral properties and deferred expenditures is dependent upon a number of factors including the existence of recoverable reserves, the ability of the Company to obtain financing to maintain properties in good standing and continue exploration and development and the discovery of economically recoverable reserves.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption deemed to be inappropriate. These adjustments could be material.

In the event the Company is unable to arrange appropriate financing, the carrying value of its assets and liabilities could be subject to material adjustment and the Company may not be able to meet its obligations as they become due in the normal course of business. Furthermore, these conditions indicate the existence of a material uncertainty that raises substantial doubt as to the Company’s ability to continue as a going concern.

### ***May 2020 private placement***

In May 2020, the Company announced a non-brokered private placement of up to 16,000,000 common shares at a price of \$0.125 per share for gross proceeds of up to \$2,000,000.

### ***Operating activities***

Cash used in operating activities in Q1 2020 amounted to \$508,236 as follows:

- The net loss for the quarter of \$817,415
- Non-cash items totalling \$126,240 including depreciation and stock-based compensation
- Net increase in non-cash working capital items of \$182,939 primarily in respect of amounts due to management in connection with the funding of the Company.

### ***Investing activities***

Cash used in investing activities in Q1 2020 amounted to \$165,954 as follows:

- Additions to mineral properties of \$58,849 relating to capitalised mineral claim maintenance costs
- Additions to fixed assets of \$107,105 relating primarily to the purchase of the RC drill rig.

### ***Dividends***

The Company has neither declared nor paid any dividends on its common shares to date. The Company does not anticipate paying any dividends on its common shares in the foreseeable future.

### ***Contractual commitments***

The Company had no significant medium- or long-term contractual commitments in place as at March 31, 2020 or May 29, 2020 beyond its stated liabilities and the following:

- Magellan Brazil entered into an agreement in January 2018 with Terra Ambiente Ltda–ME relating to the provision of the EIA-RIMA environmental study; the agreement was subsequently amended. As at March 31, 2020, approximately R\$ 650,000 (\$180,000) of the contract (as amended) was outstanding
- Magellan Brazil entered into an agreement in April 2018 with Senior Geologia e Mineracao Ltda relating to two tailings dam studies; the agreement was subsequently amended. As at March 31, 2020, approximately R\$ 157,000 (\$45,000) of the contract (as amended) was outstanding
- Magellan Brazil entered into an agreement in April 2018 with Hidrovia Hidrogeologia e Meio Ambiente Ltda relating to the hydrogeological study; the agreement was subsequently amended. As at March 31, 2020, approximately R\$ 100,000 (\$30,000) of the contract (as amended) was outstanding
- The surface access agreement with the Cuiú Cuiú garimpieros pursuant to which approximately R\$ 250,000 (approximately \$80,000) is to be paid to the garimpieros in Q2 2020 in connection with the surface access fee in respect of the year ended March 2021
- The Company is committed to sharing in net costs and commitments associated with its Poconé venture including its share of any losses relating to current litigation against PGM and a venture partner.

### **Capital resources**

The Company had no capital expenditure commitments as at either March 31, 2020 or May 29, 2020 other than nominal agreements associated with the construction of the Cuiú Cuiú camp.

### **Transactions with related parties**

The Company incurred the following costs of management remuneration:

	<b>3 months ended</b>	<b>Year ended</b>
	<b>March 31, 2020</b>	<b>Dec. 31, 2019</b>
<b>Management:</b>		
Employment and consulting remuneration	\$ 85,000	\$ 340,000
Payroll related costs	7,024	23,281
Stock-based compensation	60,352	228,364
	<u>152,376</u>	<u>591,645</u>
<b>Directors (excluding management):</b>		
Stock-based compensation, stock options	12,750	85,151
Stock-based compensation, RSUs	5,167	6,889
	<u>17,917</u>	<u>92,040</u>
	<u><b>\$ 170,293</b></u>	<u><b>\$ 683,685</b></u>

Management comprises the Company's Executive Chairman, President and Chief Executive Officer and Chief Financial Officer.

As at March 31, 2020, the Company owed a total of \$150,384 to management in connection with unpaid management remuneration, expenses paid by management on behalf of the Company and funds advanced by management to the Company. This liability remained outstanding as at May 29, 2020.

## Outstanding share data

The Company has authorized capital of an unlimited number of common shares with no par value.

The Company had the following common shares, unit and share purchase warrants and stock options outstanding as at both March 31, 2020 and May 29, 2020:

Issued and outstanding common shares	61,659,250
Fully diluted	92,130,199
<b>Share purchase warrants:</b>	
July 25, 2020 (\$0.20)	22,796,832
July 25, 2020 (\$0.20)	970,358
November 28, 2020 (\$0.25)	366,000
May 26, 2021 (\$0.25)	600,000
	<u>24,733,190</u>
RSUs	266,666
Stock options	5,471,093

## Recent accounting pronouncements

The Company has determined that new accounting standards or amendments to existing accounting standards that were effective for annual periods commencing on or after January 1, 2020 are either not applicable or do not have a significant impact on the Company's consolidated financial statements.

The Company has determined that new accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

## **Cautionary Statement on Forward-Looking Information**

This MD&A document contains 'forward-looking information' and 'forward-looking statements' (together, the "forward-looking statements") within the meaning of applicable securities laws. Such forward-looking statements concern the Company's anticipated operations in future periods, planned exploration and development of its properties, and plans related to its business and other matters that may occur in the future. This information relates to analyses and other information that is based on expectations of future performance and planned work programs. These forward-looking statements are made as of May 29, 2020.

Users of forward-looking statements are cautioned that actual results may vary from the forward-looking statements contained herein. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to:

- Risks related to the exploration and development of natural resource properties
- Risks related to the uncertainty of mineral resource calculations and the inclusion of inferred mineral resources in economic estimations
- Risks related to fluctuations in future metal prices (particularly gold prices)
- Risks related to market events and conditions
- Risks related to governmental regulations, including without limitation, environmental laws and regulations
- Risks related to delays in obtaining governmental or regulatory approvals, licenses or permits
- Risks related to the Company's mineral properties being subject to prior unregistered agreements, transfers or claims and other defects in title
- Risks related to uncertainty associated with the Company's ability to obtain funding in the future
- Risks related to the Company's inability to meet its financial obligations under agreements to which it is a party (see 'Liquidity and going concern')
- Risks related to competition from larger companies with greater financial and technical resources, and
- Risks related to the Company's directors and officers becoming associated with other natural resource companies which may give rise to conflicts of interest.

Although the forward-looking statements contained in this document are based upon what management of the Company believes are reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this document, and the Company assumes no obligation to update or revise them to reflect new events or circumstances except as may be required under applicable securities laws. There can be no assurance that forward-looking statements, or the material factors or assumptions used to develop such forward-looking statements, will prove to be accurate. Accordingly, readers should not place undue reliance on forward-looking statements.