Cabral Gold

Cabral Gold Inc.

(An Exploration Stage Company)

Interim MD&A – Quarterly Highlights

For the three months ended March 31, 2019

Dated: May 28, 2019

Interim MD&A – Quarterly Highlights

The following Interim MD&A – Quarterly Highlights ("MD&A") of Cabral Gold Inc. ("Cabral" or the "Company") has been prepared as at May 28, 2019. 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, 2019.

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.

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, 2019 and the period ended May 28, 2019 were highlighted by the following activities and initiatives:

Finance

- The balance of cash and cash equivalents as at March 31, 2019 was $554,655 and the net working capital balance as at this date was $319,395
- In May 2019, the Company announced a non-brokered private placement amounting to up to 20,000,000 units at a price of $0.15 per unit for gross proceeds of up to $3,000,000. See 'Liquidity and going concern'

Exploration and development

- In January 2019, the Company announced the initiation of a 2,400 metre diamond drill program at nine separate locations at Cuiú. Eighteen diamond drill holes totalling 2,511 metres at ten different targets were ultimately completed. Eight of these targets had never been previously drill tested.

- Follow-up programs of rock chip and channel sampling are continuing at several targets on the property. New auger and soil sample grids are being established in previously untested areas in the northeast portion of the property
- During 2019 to date, Magellan Brazil increased its land holdings around the Cuiú Cuiú project. These applications were made partially in response to the recent staking of new tenements by Anglo American Níquel Brasil Ltda. and Nexa Recursos Minerais S.A. , who have progressively established licences in the Tapajós region, totalling 1,820,000 hectares over the past three years. Anglo American acquired ground immediately north, northwest and southwest of Magellan Brazil's tenements at Cuiú Cuiú and Bom Jardim

Cuiú Cuiú

The Company's primary project is Cuiú Cuiú.

An aggressive surface exploration program including trenching, channel sampling, auger sampling and soil sampling was initiated in Q1 2018 and a diamond drill program was initiated in Q1 2019.

Work programs

The Company pursued a two-phase program of exploration of the Cuiú Cuiú property:
- Phase 1 commenced in early 2018 and consisted of an aggressive program of soil sampling, surface channel and rock chip sampling, surface trenching and auger drilling which was undertaken over a number of high priority targets on the property which were considered to have significant potential for additional discoveries
- Phase 2 consisted of a program of infill auger drilling to refine the drill targets and continued through March 2019 in parallel with the diamond drill program which commenced in January 2019.

In January 2019, the Company announced the initiation of an initial diamond drill program at Cuiú Cuiú with the objective of testing several priority targets which had returned high grade gold values on surface identified during the 2018 exploration program. The program was initially directed towards drill testing nine different high-grade targets and completing 2,400 metres of drilling and twenty holes. Eighteen diamond drill holes totalling 2,511 metres at ten different targets were ultimately completed; eight of these targets had never been previously drill tested. A summary of significant drill results is as follows (see Company news releases for full details):

<u>Machichie target:</u>
- Drill hole **CC182-19** (552555E, 9343364N, Dip/Az: -50/315, end of hole ("EOH"): 65.5m) targeted a NE-trending structure, coincident with a NE trending magnetic low and returned 3.4m @ 36.9 g/t gold from 32.2m including 0.7m @ 162.7 g/t gold from 33.9m. The structure remains open along strike and at depth
- Drill hole **CC178-19** (553007E, 9343478N, Dip/Az: -62/000, EOH: 121.3m) returned 2.1m @ 15.3 g/t gold from 91.7m within the main E-W trending Machichie magnetic low target. The intersection formed part of a broader mineralized envelope that returned 62.8m @ 0.9 g/t gold from 31.6m
- Drill hole **CC177-19** (553007E, 9343478N, Dip/Az: -50/000, EOH: 87.3m) was drilled as a shallower hole along the same section as CC178-19 and returned 3.1m @ 7.3 g/t gold from 61.4m including 0.6m @ 24.7 g/t gold from 63.6m. These results confirm vertical continuity of high-grade mineralization from surface to 80m depth. The zone remains open at depth and along strike. The intersection formed part of a broader mineralized envelope that returned 45m @ 1.0 g/t gold from 37.5m
- Drill hole **CC179-19** (552835E, 9343504N, Dip/Az: -50/000, EOH: 94.64m) tested the main E-W target and returned 0.5m @ 20.2 g/t gold from 39.1m and was drilled 175m west of CC177-19 and CC178-19. The intersection formed part of a broader mineralized envelope that returned 16.3m @ 1.3 g/t gold from 33.9m

- Drill hole **CC181-19** (552733E, 9343584N, Dip/Az: -60/180, EOH: 149.6m) tested the main E-W target, 275m west of CC177-19 and returned 0.6m @ 10.0 g/t gold from 38.4m. The intersection formed part of a within a narrower lower grade interval of 6.6m @ 1.6 g/t gold from 38.4m.

<u>Machichie East target:</u>

- Drill hole **CC183-19** (553330E, 9343700N, Dip/Az: -55/180, EOH: 250.5) targeted a coincident magnetic low, chargeability high and Au-Mo-Cu auger anomaly and returned 15.9m @ 1.73 g/t gold from 79m, including 0.5m @ 21.3 g/t gold from 86.5m and 1.0m @ 10.3 g/t gold from 91.4m. The mineralization is located in a previously unknown structure which is open along strike and at depth. An interval of 6.9m @ 1.1g/t gold from 22.6m was encountered in transported cover at the top of the drill hole. Scheelite (CaWO4) and coarse molybdenite (MoS2) were observed in veins and alteration zones within the drill hole, suggesting the proximity to a concealed intrusive source.

<u>Moreira Gomes (MG) target:</u>

- Drill hole **CC185-19** (553705E, 9343014N, Dip/Az: -60/135, EOH: 144m) was one of three holes drilled at the MG target that were designed to test a structurally complex area where historic drilling previously encountered high grades (e.g. CC104-10 which cut 0.5m @ 264.9 g/t gold, CC69-10 which cut 0.5m @ 154.5 g/t gold and CC101-10 which cut 0.8m @ 20.6g/t gold. CC185-19 cut 40.9m @ 0.8 g/t gold from 101.4 to 142.3m, including 10.1m @ 1.3 g/t gold from 101.4 to 111.5m. The intercept occurs approximately 200m up-dip from a historic deeper intercept in hole CC101-10, which returned 25m @ 2.3 g/t Au from 396.0m to 421.0m, including; 1.5m @ 14.0 g/t gold, 0.8m @ 11.3 g/t gold, and 1m @ 9.3 g/t gold.

<u>Seis Irmaos (Six Brothers) target:</u>

- Drill hole **CC187-19** (553327E, 9342563N, Dip/Az: -50/000, EOH: 148.5m)tested an E-W magnetic low which is coincident with a number of high grade samples collected on surface with gold values ranging from 17 to 55 g/t gold. A coincident gold-in-auger saprolite anomaly is also evident on surface. CC187-19 is located less than 300m south of MG and intersected 0.7m @ 12.7 g/t gold in a pyritic quartz vein from 62.0-62.7m, within a broader alteration envelope.

<u>Jerimum Cima target:</u>

- Drill hole **CC189-19** (550795E, 9345948N, Dip/Az: -50/180, EOH: 195m) was drilled to test the western extension to the Jerimum Cima zone and returned 24m @ 0.7 g/t gold from surface to 24.0m including 0.7m @ 8.9 g/t gold.

<u>Morro da Lua target:</u>

- Drill hole **CC194-19** (550217E, 9346678N, Dip/Az: -55/310, EOH: 183m) was drilled at the previously untested Morro da Lua target and was designed to test a NE and E-W trending magnetic feature, and a moderate gold-in-soil anomaly which extends over an area of 1,500m E-W x 700m N-S. Surface grab samples at Morro da Lua returned results ranging from 5.5 to 162.4 g/t gold within an area of 220m E-W and 210m N-S. The hole returned 2.8m @ 19.5 g/t gold from 42.2 – 45.0m including 0.7m @ 70.3 g/t gold. In addition, the hole cut 0.5m @ 9.1g/t gold from 99.9m and 0.6m @ 14.8g/t gold from 130.9m, indicating the presence of at least three high grade veins.

In addition to the current drill program, a review of historic Cuiú Cuiú drill data from 2006 through 2012 was completed in April 2019. The review was designed to re-assess, review, and interpret the existing high-grade drill results from the Central and MG deposits with the goal of delimiting high-grade mineable zones within the low-grade resources. Drilling from 2006 through 2012 undertaken by Magellan Minerals Ltd. (the previous owner of the Cuiú Cuiú property) cut abundant high-grade gold intercepts displaying grades and widths typical of many operating underground deposits. Nearly 60 intercepts returning over 10 g/t gold occur at MG and Central; the highest grade intercepts at each deposit were 0.5m @ 264.9 g/t gold and 0.5m @ 155.3 g/t gold, respectively. Most of these intercepts occurred where drilling was wide-spaced

Camp construction

During 2018 through Q1 2019, the Company re-established and updated its camp at Cuiú Cuiú including the following:

- Construction of a new core shed with laboratory, sample storage and core cutting
- Partial construction of living quarters for 26 employees including kitchen, office space and bathroom and laundry facilities
- Purchase of three trucks and four ATVs and delivery to Cuiú Cuiú for use by the Company's exploration staff and consultants.

Acquisition of additional ground

During 2018, Magellan Brazil increased its land holdings around the Cuiú Cuiú project, Bom Jardim project and Tocantinzinho area (Eldorado Gold Corp.'s Tocantinzinho gold deposit is located 25 kilometres southeast of the Cuiú Cuiú project and currently has Proven and Probable reserves of 39.6 million tonnes @ 1.43 g/t gold for 1.82 million ounces).

Industry players Anglo American Níquel Brasil Ltda. and Nexa Recursos Minerais S.A. staked landholdings totalling over 1,820,000 hectares in the Tapajos province between 2016 and 2019 to date, including areas to the immediate north and northwest of Magellan Brazil's tenement package.

A new online auction process for acquiring available tenement lots will be initiated by the authorities in June 2019.

Outlook

Follow-up programs of rock chip and channel sampling will 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 zones. New auger and soil sample grids are being established in previously untested areas in the northeast portion of the property (Cilmar area).

As at May 28, 2019, management was in the process of assessing drill results and planning exploration activity for the remainder of 2019. Subject to the availability of financing, such activity will include the following:

- Ongoing soil sampling and auger drilling focussed initially in the Cilmar area, a region of approximately 4,700 hectares approximately seven kilometres NNE of MG. The area contains extensive alluvial workings that were developed more recently in the history of the field that lack prior systematic exploration campaigns by historical operators
- Reconnaissance soil sampling and auger drilling within the Tocantinzinho structural corridor, a prominent regional structure hosting the Tocantinzinho gold resource along strike to the southeast
- Continuation of third party studies relating to the permitting process
- Initiation of a new diamond drill program focussed on infill and extensional drilling of the Machichie and Machichie East targets, infill drilling to better define high-grade trends within the Central and MG resources areas and extensional drilling along newly confirmed structural trends emerging from the current program.

Selected financial information

A summary of annual results in respect of the five quarters ended March 31, 2019 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	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Consolidated statement of loss:					
Revenue	-				-
Exploration and development	918,719	605,200	727,053	655,115	470,578
Administration:					
Stock-based compensation	138,928	17,415	17,415	17,550	-
Management	91,652	84,622	81,682	86,751	85,977
Office and administration	65,356	123,300	53,533	56,424	78,919
Travel	24,173	32,532	11,254	35,660	14,230
Depreciation	23,592	21,064	19,544	17,133	8,724
Professional fees	13,516	23,228	63,192	59,266	128,352
Listing expense	5,675	2,414	1,048	4,447	13,329
	362,892	*304,575*	*247,668*	*277,231*	*329,531*
Adjustment to provisions	-	(47,463)	(16,832)	26,766	-
Foreign exchange loss	4,869	2,770	6,203	(4,895)	408
Interest and financing charges	-	(7)	(148)	93	837
Interest income	(2,500)	1,646	(8,562)	(5,161)	(10,739)
Gain on disposal of PGM	(5,049)	(7,267)	(42,696)	-	-
Gain on tax restructuring	-	2,771	(41,327)	11,110	(280,798)
Other income	-				-
Net loss	**1,278,931**	**862,225**	**871,359**	**960,259**	**509,817**

- Exploration and development: An aggressive exploration program commenced in early 2018 and a diamond drill program commenced in early 2019 (see 'Cuiú Cuiú – Work programs' and ''Exploration and development')
- Stock-based compensation relates to the issuance of two tranches of stock options:
  - 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
- Management costs relate to compensation of the Company's officers (Executive Chairman, President and CEO and CFO)
- Office and administration relates to the costs of operating the Company's Vancouver office. The higher amounts in each of Q1 2018 and Q4 2018 relate to various marketing initiatives including attendance at conferences
- Travel costs relate to attendance at conferences, other marketing activities and travel to Brazil
- Professional fees relate to audit fees, legal fees and advisory fees relating to the provision of marketing services
- Adjustment to provisions: Adjustment to provisions relates primarily to litigation initiated by three former employees in Brazil in 2017. The actions were addressed in full by Q4 2018 at a cost to the Company of approximately $40,000 which compared to a provision of approximately $104,000 that had been established in respect of this issue as at December 31, 2017
- Gain on disposal of PGM: Magellan Brazil disposed of its 35% interest in Poconé Gold Mineração Ltda. ("PGM") in Q3 2018. While proceeds on disposal were nominal, the transaction resulted in the elimination of the Company's share of PGM's restructured claim maintenance liabilities ($19,105 as at December 31, 2017) and certain other liabilities. No further proceeds on disposal will be realised subsequent to Q1 2019
- Gain on tax restructuring: Magellan Brazil finalised tax restructuring agreements in Q1 2018 and Q3 2018 pursuant to which various tax liabilities were eliminated (total liability of $327,425 as at December 31, 2017). The liabilities all related to activity of Magellan Brazil prior to its acquisition by Cabral in

April 2016. All overdue tax liabilities were addressed in full by Q3 2018 and Magellan Brazil had no restructured or overdue tax liabilities outstanding as at March 31, 2019.

Exploration and development

A summary of Q1 2019 exploration and development expenditures including indicative allocations of field (camp) costs and costs of freight and travel to drilling activity is as follows.

	Q1 2019	Q1 2018
Exploration and development:		
Drilling, Cuiú Cuiú:		
Drill contactor	375,931	-
Payroll	158,475	-
Field costs	77,056	-
Freight and travel	49,466	-
Consulting, third parties	25,545	-
Assay	15,376	-
	701,849	-
Other, Cuiú Cuiú:		
Payroll	69,435	114,784
Field costs	67,807	104,216
Freight and travel	9,436	17,640
Consulting, third parties	8,515	187,486
Assay	5,145	2,418
Other	-	6,671
	160,338	*433,215*
Logistical support	47,257	31,876
Poconé (net)	9,275	5,487
	918,719	**470,578**

Statements of financial position

	31-Mar-19	31-Dec-18	30-Sep-18	30-Jun-18	31-Mar-18
Consolidated statement of financial position:					
Cash and cash equivalents	554,655	1,684,630	880,893	1,785,582	2,924,755
Other current assets	148,632	109,191	170,035	166,598	159,281
Fixed assets	966,221	968,382	890,841	906,926	897,745
Mineral properties	1,460,518	1,373,387	1,293,693	1,318,405	1,334,667
Total assets	*3,130,026*	*4,135,590*	*3,235,462*	*4,177,511*	*5,316,448*
Accounts payable and accrued liabilities	380,663	197,186	269,631	227,339	234,767
Other liabilities and provisions	3,229	4,053	67,294	119,652	106,999
Long-term liabilities	-	-	5,671	19,472	24,457
Total liabilities	*383,892*	*201,239*	*342,596*	*366,463*	*366,223*
Share capital	8,689,557	8,690,737	7,007,824	7,007,824	7,007,824
Reserves	1,682,858	1,543,930	1,460,635	1,443,220	1,425,670
Other comprehensive income	(233,597)	(186,563)	(324,065)	(259,827)	(63,359)
Accumulated deficit	(7,392,684)	(6,113,753)	(5,251,528)	(4,380,169)	(3,419,910)
Total equity	*2,746,134*	*3,934,351*	*2,892,866*	*3,811,048*	*4,950,225*
	-	-	-	-	-

- 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. Increases in 2018 relate primarily to camp construction, purchase of vehicles and miscellaneous other capital purchases relating to the establishment of the exploration camp at Cuiú Cuiú. These increases are offset by decreases associated with the deterioration in the value of the Brazilian reais relative to the Canadian dollar through 2018
- The balance of mineral properties relates to capitalised acquisition and claim maintenance costs. As is the case with fixed assets, 2018 and Q1 2019 increases are offset by decreases associated with the deterioration in the value of the Brazilian reais. With the exception of $72,705, the March 31, 2019 balance related entirely to Cuiú Cuiú
- Accounts payable and accrued liabilities:
  - The balance of accounts payable and accrued liabilities remained relatively stable through the first nine months of 2018 during which reductions associated with the deterioration of the reais and elimination of both Brazilian tax liabilities through restructuring and restructured claim maintenance liabilities were offset by increases associated with the general ramp up in exploration activities
  - The decline in the December 31, 2018 balance was attributable to the holiday shut-down of the Cuiú Cuiú camp prior to which much of the applicable liabilities (camp costs, payroll, freight and travel, etc.) were settled
  - The increase in the March 31, 2019 balance was attributable to the initiation of the drill program in January 2019. Liabilities associated with direct drilling and assay costs as at this date totalled $108,102; in addition, liabilities associated with incremental support costs (such as camp costs, fuel, freight and travel, etc.) associated with the drill program were also higher
- Other liabilities and provisions relate to management's best estimate of expenditures required to settle present contingent obligations relating to various legal, tax and regulatory matters that the Company is subject to. The decline in 2018 was attributable to litigation initiated by three former employees of Magellan Brazil initiated in 2017 that was successfully resolved in 2018 at a cost that was significantly less than the original provision established in 2017
- Long-term liabilities relate to restructured Poconé claim maintenance charges that were addressed in Q3 2018 with the sale of PGM with remaining non-PGM balances being repaid in full in Q4 2018.

- The increase in share capital in Q4 2018 relates to the $1,862,500 private placement that closed in November 2018.

Liquidity and going concern

As at March 31, 2019, the Company had a cash balance of $554,655, and a net working capital balance of $319,395.

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 equity financings and/or loans provided by the Company's existing shareholders and/or new shareholders and/or through other arrangements. Management is exploring all available options to secure additional funding. Given the continuation of weak investor sentiment and capital market conditions, there exists significant uncertainty as to the Company's ability to raise additional funds on favorable terms. There is no assurance that the Company will be successful in its funding efforts.

In addition, the recoverability of the amounts shown as non-current assets is dependent upon the Company achieving its operational targets, the ability of the Company to obtain financing to maintain properties in good standing, the ability of the Company to obtain financing to continue exploration of the properties, or alternatively, upon the Company's ability to recover its incurred costs through a disposition of its interests, all of which are uncertain.

The 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.

The Company does not have sufficient funds from existing working capital to meet its planned objectives and property obligations beyond May 2019.

In May 2019, the Company announced the terms of a private placement comprised of up to 20,000,000 units (each a "Unit") at a price of $0.15 per Unit for gross proceeds of up to $3,000,000. Each Unit will be comprised of a common share of the Company and one share purchase warrant. Each share purchase warrant ("Warrant") will entitle the holder to purchase one common share at a purchase price of $0.20 per for a period of 12 months following the closing of the private placement.

The Company may pay a finder's fee of up to 7% of the gross proceeds raised in connection with the private placement. Closing of the private placement and the payment of any finder's fees will be subject to the approval of the TSX Venture Exchange.

The private placement is expected to close in June 2019. Prior to closing, funding will be provided to the Company by management in the form of unreimbursed expenditures incurred on behalf of the Company (primarily travel), partial deferral of remuneration and subscription receipts in connection with the aforementioned private placement. As at May 28, 2019, amounts owing to management in respect of unreimbursed expenses and deferred remuneration totalled $61,644; a further $60,000 had been paid by management in the form of subscription receipts which will be included in private placement proceeds. Officers and directors of the Company intend to subscribe for at least 5% of the private placement.

Operating activities

Cash used in operating activities in Q1 2019 amounted to $979,753 as follows:

- The net loss for the period of $1,278,931
- Non-cash items totalling $165,966 including stock-based compensation and depreciation expense
- Net reduction in non-cash working capital items of $133,212 primarily as a result of increased liabilities associated with the drill program.

Investing activities

Cash used in investing activities in Q1 2019 amounted to $146,457 as follows:

- Additions to mineral properties of $101,419 relating to capitalised mineral claim maintenance costs
- Additions to fixed assets of $45,038 relating to continued construction of camp buildings at Cuiú Cuiú.

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, 2019 or May 28, 2019 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 for an estimated fee of R$ 1,576,684 ($540,794 applying the Bank of Canada exchange rate as at March 31, 2019). As at March 31, 2019, approximately R$ 560,000 ($192,000) of the contract was outstanding
- Magellan Brazil entered into an agreement in April 2018 with Senior Geologia e Mineracao Ltda relating to the tailings dam study for an estimated fee of R$ 156,658 ($53,733). As at March 31, 2019, approximately R$ 62,000 ($22,000) of the contract was outstanding
- Magellan Brazil entered into an agreement in April 2018 with Hidrovia Hidrogeologia e Meio Ambiente Ltda relating to the hydrogeological study for an estimated fee of R$ 144,800 ($49,666). As at March 31, 2019, approximately R$ 96,000 ($33,000)of the contract was outstanding
- The surface access agreement with the Cuiú Cuiú garimpieros pursuant to which R$ 255,000 (approximately $90,000) is to be paid to the garimpieros in Q2 2019 in connection with the surface access fee in respect of the year ended March 2020. As at May 28, 2019, all but $3,429 of this amount had been paid
- The Company is committed to sharing in net costs and commitments associated with the 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, 2019 or May 28, 2019.

Transactions with related parties

The Company incurred the following costs of management remuneration:

		3 months ended March 31, 2019		Year ended Dec. 31, 2018
Management:				
Employment and consulting remuneration	$	85,000	$	292,500
Payroll related costs		6,652		18,532
Stock-based compensation		75,101		52,380
Consulting fees (1)		-		28,000
		166,753		391,412
Directors (excluding management):				
Stock-based compensation		40,901		-
		40,901		-
	$	**207,654**	**$**	**391,412**

(1) Consulting fees relate to $28,000 paid to a company controlled by an individual who joined the Company's Board of Directors as Executive Chairman in May 2018 in respect of advisory services provided during the period February through April 2018, inclusive

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

As at March 31, 2019, the Company owed a total of $53,277 to management in connection with unreimbursed expenditures incurred on behalf of the Company and deferred remuneration (total of $61,644 as at May 28, 2019. Amounts owing to management are non-interest bearing, unsecured and have no set terms of repayment.

Officers and directors of the Company intend to subscribe for at least 5% of the current private placement (officers and directors subscribed for 17.6% of the November 2018 non-brokered private placement which raised gross proceeds of $1,862,500).

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 March 31, 2019 and May 28, 2019:

	March 31, 2019	May 28, 2019
Issued and outstanding common shares	38,862,418	38,862,418
Fully diluted	47,738,336	47,240,897
Unit purchase warrants:		
October 30, 2019 ($0.60)	400,878	400,878
Share purchase warrants:		
October 30, 2019 ($0.333)	264,826	264,826
October 30, 2019 ($0.90)	3,465,664	3,465,664
November 28, 2020 ($0.25)	366,000	366,000
May 26, 2021 ($0.25)	600,000	600,000
	4,696,490	4,696,490
Stock options	3,377,672	3,080,672

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 28, 2019.

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')
- 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.