

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the nine months ended September 30, 2018

**DYNASTY GOLD CORP.**

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## **DYNASTY GOLD CORP.**

### **MANAGEMENT'S DISCUSSION & ANALYSIS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018**

#### **INTRODUCTION**

This management's discussion and analysis ("MD&A") was prepared as of November 29, 2018 and is management's assessment of Dynasty Gold Corp.'s (Dynasty or the "Company") operating results and financial condition. This MD&A should be read in conjunction with the condensed consolidated interim financial statements for the nine months ended September 30, 2018 and the audited annual consolidated financial statements for the year ended December 31, 2017, together with related notes thereto. These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts are expressed in Canadian dollars unless otherwise stated.

Dynasty Gold Corp. is listed on TSX Venture Exchange under the ticker "DYG" and Frankfurt Exchange.

Additional information relevant to the Company's activities can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **FORWARD-LOOKING STATEMENTS**

Certain information included in this discussion may constitute forward-looking statements. Forward-looking statements are based on current expectations and entail various risks and uncertainties. These risks and uncertainties could cause or contribute to actual results that are materially different from those expressed or implied. The Company disclaims any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

#### **COMPANY OVERVIEW**

Dynasty Gold Corp. is a Canadian-based, junior company focused on exploring for and developing economically viable mineral resources. The Company's 100% owned Golden Repeat Gold Property is located in Elko County, Nevada, United States.

In February 1, 2018, the Company signed an option agreement with Teck Resources Ltd. ("Teck") to earn a 100% interest in the Thundercloud Gold Property located on the Central Wabigoon Greenstone Belt in Northwestern Ontario. Please refer to press release dated February 1, 2018 for details of the transaction.

The Company also owns 70% interest in an operating gold mine; the Hatu Qi-2 in the Xinjiang Province of China. The remaining 30% is owned by Western Region Gold Co. Ltd. (formerly Jinge Gold Mining Ltd.), a 100% owned subsidiary of a State-owned company Xinjiang Non-Ferrous Metal Industry (Group) Ltd. ("XNF").

XNF and its subsidiary have included the Hatu Qi-2 gold resource in an IPO listing on the Shanghai Stock Exchange, but without acknowledging Dynasty Gold Corp.'s legal rights and interests in the Property. The Company is currently in legal dispute with XNF and its subsidiary on this matter.

Dynasty's short-term strategy is to explore and develop the two gold properties in North America and continue to evaluate other quality assets to add to its portfolio. Its long-term strategy is to develop these properties into technically feasible and commercially viable producing mines.

As of the date of this MD&A, the Company has not engaged in any production, nor found any proven reserves on its North America properties other than the Hatu Qi-2 gold asset which hosts a 43-101 compliant gold resource of 536,000 oz.

The Company is a reporting issuer in British Columbia and in Alberta.

## **MINERAL EXPLORATION PROJECTS**

### **NEVADA, USA**

#### **Golden Repeat Property**

##### ***Overview***

The Golden Repeat Property consists of 49 claims located on the north slope of the Midas Trough, along the Carlin Trend, within the Northern Nevada Rift. These claims have many geological similarities to the well-known Midas Gold District. Eighteen kilometers (10 miles) east of the Property is Klondex's Midas mine that was previously owned by Newmont until February 2014 (3 million oz gold reserves at 31g/t)—an epithermal, bonanza-type gold-silver bearing system. Additionally, three major sediment-hosted gold mines, Barrick's Getchell-Turquoise Ridge, Atna's Pinson Mines and Newmont's Twin Creeks Mine, lie 15-24 kilometers (8-13 miles) west of the Property. Two distinct targets exist on the Property. One is a volcanic-hosted epithermal occurrence, similar to the Midas Mine gold-silver deposit of Klondex/Hecla. The other target is for a sediment-hosted gold occurrence underlying Tertiary volcanic rocks. The Property was drilled by Goldfields from 1992 to 1994 and by Romarco in 1997/1998.

On July 30, 2013, the Company acquired a 100% interest in the Property, subject to 2% NSR. The Company has the option to buy back 75% of the NSR for \$1 million within three years of commencing production. The Company is also required to issue an additional 62,500 common shares if proven gold or gold equivalent reserves exceed 500,000 ounces at commercially viable production grade.

The Company carried out a surface exploration program in July 2011. Its objective was to follow up drill targets identified by Yamana during their work on the Property from 2007 to 2009. Forty-one rock chip samples were taken on the eastern and southern parts of the Property and in adjacent areas peripheral to it. One float sample returned 10 g/t gold. Another sample that carried 1 g/t of gold came from an outcropping vein located near an existing road and drill sites. Three reverse circulation holes were drilled totaling 816 meters to intersect the outcropping Clover vein system and a separate structural target previously proposed by Yamana. The assay results of 576 drill samples were consistent with the previous Romarco and Yamana results in the vicinity. The first hole (DG 1) was drilled to a depth of 304 meters and encountered 0.569 g/t gold over 1.7 meters at 296 meters, and the second hole (DG-2) intercepted similar mineralization but returned no significant gold values.

The third drill hole (DG-3), drilled to 285 meters, hit a well-mineralized zone at the top of a rhyolite formation at 130 meters and intersected 12.2 meters of mineralization that averaged 1.14 g/t gold, 9.0 g/t silver, and 968 ppm arsenic. Within this interval the best intercept was 3.4 g/t gold and 44.6 g/t silver over 1.7 meters. That suggests that the altered rhyolite unit at shallow depth is a favorable target host for the mineralized Midas-style epithermal quartz veins.

On October 8, 2017, the Company renewed the Golden Repeat drill permit by depositing additional bond funds with the Bureau of Land Management (BLM) in Elko County, Nevada, United States. The drill permit was approved by BLM Nevada on November 8, 2017.

### **ONTARIO, CANADA**

#### **Thundercloud Gold Property**

##### ***Overview***

The Company signed an option agreement with Teck Resources Ltd. ("Teck"), in February 1, 2018, to earn a 100% interest in the Thundercloud Gold Property ("Thundercloud"), located in the central Wabigoon greenstone belt in Ontario. Pursuant to the agreement, the Company has an option to earn up to a 100% interest in the Property by spending \$6,000,000 over five years and by issuing 1,000,000 common shares of the Company to Teck Resources Ltd. The first 500,000 common shares were issued on February 26, 2018, the remaining 500,000 common shares are to be issued on the first anniversary of signing of the agreement. The Company must spend \$300,000 in the first year. Teck retains a back-in

right to earn back a 65% interest in the property. Please refer to press release dated February 1, 2018 for details of the transaction.

The Thundercloud property geological setting is comparable to the Abitibi belt in Eastern Ontario, but it is much less explored. The Belt contains numerous gold showings, several high grade deposits and historic past producers including the Big Master Mine (1902-1943) and the Laurentian Mine (1906-1909). Exploration results to date indicate excellent potential to define bulk-tonnage orogenic gold mineralization with high-grade potential. Close to 30 million ounces of gold have been discovered in the area in recent years.

The Property consists of 2,250 hectares, located 47 kilometres southeast of Dryden, Northwestern Ontario. It is readily accessible from the Trans-Canada Highway (Hwy 17). Dryden is a resource-based town with excellent infrastructure for mining operations. Several large-scale mining and exploration projects in the region include New Gold's Rainy River Mine (6.4 million oz gold and 18.7 million oz silver) and Agnico Eagle's Hammond Reef deposit (5.8 million oz gold).

Two mineralized zones, the Pelham and West Contact, have been identified on the Property. The exploration done by Teck Resources Ltd. ("Teck") is well documented with supporting databases. Teck and others have completed 10,000 meters of core drilling with majority of the holes drilled in the Pelham Zone where 300,000 ounces of gold resource has been estimated. Thundercloud's West Contact Zone is less explored but shows great potential based on an outstanding trench result of 8.02 g/t gold over 39 meters, including 89.4 g/t over 3.0 meters.

Highlights of drill results from historic work including drilling by Teck (2007 and 2008) and Laurentian Goldfields (2011):

- 113.0 m @ 1.72 g/t Au (88-10)
- 60.30 m @ 1.46 g/t Au (88-05)
- 55.25 m @ 2.19 g/t Au (TC08-11), including 1 m @ 37.5 g/t Au, 9.34 m @ 7.91 g/t Au and 21.73 m @ 4.63 g/t Au
- 29.66 m @ 0.77 g/t Au, including 9.04 m @ 2.20 g/t Au (TC08-09)
- 68.8 m @ 1.55 g/t Au (TC11-001)
- 39.0 m @ 1.45 g/t Au (TC11-003)
- 39.05 m @ 1.68 g/t Au (TC11-004)
- 81.0 m @ 1.31 g/t Au (TC11-006)

The highest grade from historic drilling returned up to 192.7 g/t gold over 0.55 meters.

In 2011, Fladgate Exploration Consulting was contracted to create a 3D resource model of the historic drill data. The model for the Pelham zone exploration target showed potential for 300,000 ounces of gold at a grade of 1.6 g/t Au using a cut-off grade of 0.5 g/t Au. This initial resource estimate was developed for targeting purposes, and it is not National Instrument 43-101 compliant.

The Company has not independently verified previous data reported in this MD&A.

#### ***Activities for the period ended September 30, 2018***

Property inspection was conducted on the Thundercloud Property during the quarter followed by a surface sampling program. New rock chip samples collected over the Glatz Outcrop, immediately south of Trench 07-2, returned 3.03 g/t gold over 30 meters of outcrop. This confirms gold mineralization extends from the original Trench 07-2 area which returned 8.02 g/t gold over 39.0 meters for at least another 30 meters to the south and remains open in all directions. Assay results for the grab samples taken in the Trench 07-2 area returned gold grades that are consistent with the 2007 results. Samples were delivered to ALS lab in Thunder Bay, Ontario, and assayed for 48 elements using the MEMS 61 package.

During the period, drill data from 2007, 2008 and 2011 drill campaigns in the Pelham Zone were digitalized and cross sections were generated to provide a better understanding of the mineralized zone and its geology. All drill data was collated and combined into one database. A grade shell model of the Pelham Zone was produced with projected northeast plunge mineralization. It was determined that further drilling is required to confirm this hypothesis.

Data compilation also involved combining geophysical and geochem data in layered maps to identify targets for follow up.

Golden Repeat claims were renewed as of September 30, 2018.

### ***Activities subsequent to period ended September 30, 2018***

In early November, the Company completed mapping and rock sampling program at the Thundercloud Property. A total of 84 outcrop sites were visited throughout the Property. The West Contact area was the primary focus of the fieldwork, centring on the Glatz outcrop where recent rock chip samples returned 3.03 grams per tonne gold over 30 metres of outcrop. It extends gold mineralization from the original 39.0 metres at 8.02 g/t gold to a total of 69 metres. Other areas of interest include mineralization to the south identified by Teck in 2008; rock chip samples returned up to 9.42 g/t gold.

During the program, numerous exposures of moderate to strongly silicified mafic and sedimentary lithologies hosting estimated 1% to 5% very fine-grained disseminated pyrite and pyrrhotite were sampled. 64 rock samples were collected and delivered to the ALS laboratory in Thunder Bay for assay. Drill cores from the 2011 drill program were also identified and inspected.

A previously uninspected area to the west of Glatz outcrop, where IP surveying identified high chargeability and resistivity anomalies, was also ground-checked. The IP anomalies represent strongly silicified interflow sediment hosting estimated 4% to 5% fine-grained pyrite and pyrrhotite.

The mapping and prospecting program was to confirm drill targets, verify and extend the known gold mineralization, confirm rock descriptions, and to acquire additional structural data. Drill sites will be confirmed based on geophysics, and previous and current sampling.

### **MANAGEMENT CHANGES**

There were no management changes during the nine months ended September 30, 2018.

## FINANCIAL DATA

### Selected Annual Financial Information

The following table sets forth selected financial information for and as of the end of the periods indicated. The Financial Statements may be accessed at [www.sedar.com](http://www.sedar.com). Readers are encouraged to review the Financial Statements in their entirety.

#### Fiscal Years Ended December 31

|                                              | 2017       | 2016       | 2015       |
|----------------------------------------------|------------|------------|------------|
| Interest and other income                    | \$ 814     | \$ 2,350   | \$ 3,827   |
| Net loss before other items                  | (396,214)  | (264,780)  | (357,008)  |
| Mineral properties write-off net of credits  | -          | -          | -          |
| Net loss                                     | (395,218)  | (215,916)  | (335,583)  |
| Net loss per share (basic and fully diluted) | (0.03)     | (0.01)     | (0.02)     |
| Total assets                                 | \$ 794,830 | \$ 742,176 | \$ 982,588 |

### Selected Quarterly Financial Information

The following financial information is derived from the unaudited consolidated interim financial statements:

|                       | September 30,<br>2018 | June 30,<br>2018 | March 31,<br>2018 | December 31,<br>2017 | September 30,<br>2017 | June 30,<br>2017 | March 31,<br>2017 | December 31,<br>2016 |
|-----------------------|-----------------------|------------------|-------------------|----------------------|-----------------------|------------------|-------------------|----------------------|
| Other Items           | \$ 602                | \$ 829           | \$ 412            | \$ 358               | \$ 177                | \$ 164           | \$ 297            | \$ 345               |
| Net Loss              | (85,910)              | (121,161)        | (109,035)         | (184,286)            | (75,403)              | (81,285)         | (54,244)          | (94,199)             |
| Net Loss<br>Per Share | (0.00)                | (0.01)           | (0.01)            | (0.01)               | (0.01)                | (0.01)           | (0.00)            | (0.01)               |
| Total Assets          | \$ 1,015,040          | \$ 960,645       | \$ 1,008,870      | \$ 794,830           | \$ 694,638            | \$ 590,470       | \$ 671,862        | \$ 742,177           |

### Results of Operations

During the three months ended September 30, 2018, the Company reported a net loss of \$85,910 or \$0.00 per share (2017 - \$75,403 or \$0.01 per share). The increase in net loss of \$10,507 in comparison to the same quarter of last year was primarily attributed to the increase in stock-based compensation of \$23,929, a non-cash item. Office expenses, rent and salaries increased by \$2,800. The increase reflected the level of activities associated with the Thundercloud Property acquisition described above.

During the nine months ended September 30, 2018, the Company reported a net loss of \$316,106 or \$0.02 per share (2017 - \$210,932 or \$0.01 per share). The increase in loss of \$105,174 in comparison to the same period of last year was mainly attributed to the increase in stock-based compensation of \$112,209, a non-cash item. Foreign exchange loss, office expenses, rent and salaries and shareholder communications costs were increased by \$298, \$8,167 and \$4,962, respectively. These increases reflected the level of activities associated with the Thundercloud Property acquisition described above.

### LIQUIDITY AND CAPITAL RESOURCES

As of September 30, 2018, the Company had working capital of \$339,351 (December 31, 2017 - \$148,249) which included cash and short-term investments of \$397,671 (December 31, 2017 - \$391,116).

Net cash flow used in operating activities for the three months ended September 30, 2018 was \$82,868 (2017 - \$67,864). The change was attributable to a net loss of \$85,910 (2017 - \$75,403), stock-based compensation of \$23,929 (2017 - \$Nil) and changes in non-cash working capital resulted in \$20,887 cash outflow during the three months ended September 30, 2018, compared to \$7,539 cash inflow in same quarter of last year. The cash outflow of \$20,887 from non-cash working capital was mainly attributable to the decrease in accounts payable and accrued liabilities of \$18,489.

Net cash flow from financing activities for the three months ended September 30, 2018 was \$134,865 (2017 - \$172,465), which was primarily related to issuance of shares for warrants exercise of \$48,000 (2017 - \$Nil) and shares to be issued \$86,865 (2017 - \$Nil).

Net cash flow used in investing activity for the three months ended September 30, 2018 was \$33,100 (2017 - \$9,946), which was primarily related to the exploration and evaluation asset costs and expenditures to the new Thundercloud project.

Net cash flow used in operating activities for the nine months ended September 30, 2018 was \$388,444 (2017 - \$220,825). The change was attributable to a net loss of \$316,106 (2017 - \$210,932), stock-based compensation of \$112,209 (2017 - \$Nil) and changes in non-cash working capital resulted in \$184,547 cash outflow during the nine months ended September 30, 2018, compared to \$9,893 cash outflow in same period of last year. The cash outflow of \$184,547 from non-cash working capital was mainly attributable to the decrease in accounts payable and accrued liabilities of \$180,758.

Net cash flow provided from financing activities for the nine months ended September 30, 2018 was \$604,865 (2017 - \$172,465), which was primarily related to shares issued for property acquisition of \$115,000 (2017 - \$Nil), issuance of shares for cash of \$355,000 (2017 - \$172,465), issuance of shares for warrants exercise of \$48,000 (2017 - \$Nil) and shares to be issued of \$86,865 (2017 - \$Nil).

Net cash flow used in investing activities for the nine months ended September 30, 2018 was \$209,866 (2017 - \$11,115), which was primarily related to the acquisition of property and exploration and evaluation asset costs and expenditures to the new Thundercloud project of \$115,000 (2017 - \$Nil) and \$94,866 (2017 - \$11,115), respectively.

## **SHARE CAPITAL**

The following information is provided as at September 30, 2018:

Authorized – unlimited number of common shares without par value.

Issued and outstanding common shares – 19,975,975

Warrants – 4,265,300

Options – 1,500,000

The following information is provided as at November 29, 2018:

Issued and outstanding common shares – 21,475,975

Warrants – 4,265,300

Options – 1,500,000

## **Share Purchase Warrants**

As at September 30, 2018, 4,203,000 purchase warrants were outstanding and exercisable.

As at November 29, 2018, 4,203,000 purchase warrants are outstanding and exercisable.

## **Finder's Fee Warrants**

As at September 30, 2018 and November 29, 2018, 62,300 finder's fee warrants are outstanding and exercisable.

## **Stock Options**

As at September 30, 2018 and November 29, 2018, 1,500,000 stock options are outstanding and

exercisable.

## **RELATED PARTY BALANCES AND TRANSACTIONS**

### ***Related Party Balances***

Included in accounts payable and accrued liabilities is \$58,075 (December 31, 2017 - \$228,467) due to directors and officers of the Company. The amount is unsecured, non-interest bearing and due on demand.

### ***Key Management Compensation***

During the nine months ended September 30, 2018, the Company accrued \$50,075 (2017 - \$122,438) to directors and officers for providing management, accounting and geological consulting services to the Company.

During the nine months ended September 30, 2018, the Company incurred stock-based compensation expense of \$78,547 (2017 - \$Nil) for options granted to the directors and officers of the Company.

## **OFF BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements.

## **OUTLOOK**

Economic growth around the world remains steady. However, trade disputes involving the two largest economic powerhouses in the world have shown signs of weariness. The world's supply and demand chains are intertwined; trade war between the most powerful economies will create unintended casualties and slowing down the global economic growth. When China slows down, it affects the commodity markets in particular.

The U.K. and the EU finally reached an agreement which sees the U.K. leaving the EU by early 2019. This agreement will remove some uncertainties and would enable the U.K. to get on with the planning for its economic future without the EU.

Gold price has shown signs of stabilization at \$1,200 per ounce. Markets have digested the Federal Reserve's interest rate hikes. Countries in Europe and Asia are buying gold to increase their gold reserves. Inflation is gradually catching up due to higher interest rate; it may go up more with the possible relocation of global manufacturing bases due to the trade disputes. Gold will find a support level and may re-emerge in the spotlight.

At the Company level, we have a portfolio of three uniquely positioned high potential gold projects. These projects are located in the most mineral rich gold belts in the world, and are close to mining amenities and infrastructure. We remain optimistic in the gold space and carefully evaluating our expenditure requirements in developing our projects. Our exploration focus is on the Thundercloud project. However, we will continue to seek out projects that will bring huge potential to our shareholders.

## **CRITICAL ACCOUNTING ESTIMATES AND CHANGES IN ACCOUNTING PRINCIPLES**

The Company's accounting policies are presented in Note 2 to the audited annual consolidated financial statements for the year ended December 31, 2017. These accounting policies can have a significant impact on the financial performance and financial position of the Company.

The preparation of the audited annual consolidated financial statements using accounting policies consistent with International Financial Reporting Standards ("IFRS") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), requires management to make estimates and assumptions which affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of



revenue and expenses during the reporting period. Significant areas requiring the use of management estimates relate to determining the recoverability of mineral property interests, environment obligations, the variables used in the determination of the fair value of stock options granted and the determination of the valuation allowance for future tax assets. While management believes the estimates are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

## **RECENT ACCOUNTING PRONOUNCEMENTS**

Refer to Note 3 to the audited annual consolidated financial statements for the year ended December 31, 2017.

## **MATERIAL PROCEEDINGS**

The Company is not a party to any material proceedings.

## **INTERNAL CONTROL OVER FINANCIAL REPORTING AND DISCLOSURE**

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. There have been no changes in the Company's internal control over financial reporting during the nine months ended September 30, 2018 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting. The Company has disclosure controls and procedures in place to provide reasonable assurance that any information required to be disclosed by the Company under securities legislation is recorded, processed, summarized and reported within the applicable time periods and to ensure that required information is gathered and communicated to the Company's management so that decisions can be made about timely disclosure of that information. There have been no significant changes in the Company's disclosure controls during the nine months ended September 30, 2018 that could significantly affect disclosure controls subsequent to the date the Company carried out its evaluation.

## **RISKS AND UNCERTAINTIES**

The Company is subject to a number of risks and uncertainties, the more significant of which are discussed below. Additional risks and uncertainties not presently known to the Company may impact the Company's financial results in the future.

### **1. Industry**

Dynasty is engaged in the exploration for and development of mineral properties, which involves significant risks that even a combination of careful evaluation, experience and knowledge may not eliminate. There is no assurance that the Company's exploration efforts will result in discoveries of commercial mineral deposits.

### **2. Gold and Metal Prices**

The price of gold is affected by numerous factors beyond the control of the Company including central bank sales, producer hedging activities, currency fluctuation, demand, political, economic conditions and production levels. In addition, the price of gold has been volatile over short periods of time due to speculative activities. The prices of other metals and mineral products for which the Company may explore all have the same or similar price risk factors.

### **3. Cash Flow and Additional Funding Requirements**

The Company currently has no revenue from operations. Additional capital would be required to identify and explore property in the future. The sources of funds currently available to the Company are the sale

of equity capital. Although the Company presently has sufficient financial resources to undertake project review and evaluation, and the Company has been successful in the past in obtaining equity financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be advantageous to the Company.

#### **4. Exchange Rate Fluctuations**

At the present, the Company has an exploration project in the United States. The Canadian dollar has depreciated over 10% against the US dollar in the last two years. However, the Company has converted enough cash into US currency when the exchange rate was more favorable, at par. Therefore, we do not anticipate lower Canadian dollar will have immediate effect on our operation. If the currency trend is to continue and the Company decides to take on a major exploration program, it will affect the Company's cash outflow.

#### **SUBSEQUENT EVENTS**

On October 15, 2018, the Company announced a Warrant Incentive Program (the "Program"). The Exchange consented to the Program on October 31. Pursuant to the Program, the Company shall issue 1,000,000 shares at \$0.16 per share for total proceeds of \$160,000. Warrant holders who exercised their warrants under the Program, during October 16 to 26, will receive a new warrant at \$0.20 for each warrant exercised. These new warrants will expire on April 26, 2020. The remaining 775,000 warrants that were not exercised shall continue to be exercisable under the original terms.

On November 20, 2018, the Company announced a non-brokered private placement of 500,000 shares at \$0.20 per share for \$100,000. The Exchange accepted the filing of the private placement and it was closed on November 23, 2018. The shares are subject to a twelve-month hold period.