*Noble Metal Group Incorporated*
*MANAGEMENT DISCUSSIONS AND ANALYSIS*
*("MDA") Six Months ended June 30, 2019*

*The following discussions of the financial position of the Company constituted management's review of the Financial Report and operating performance for the six months ended June 30, 2019. This discussion prepared as of August 29, 2019 should be read in conjunction with the unaudited interim financial statements for the six months ended June 30, 2019 and the Audited Annual Financial Statements for the years ended December 31, 2018 and December 31, 2018. All figures are expressed in Canadian dollars unless otherwise noted. These documents along with other material published by the Company are available on the Sedar Website or from the Company.*
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## ***OVERVIEW OF PERFORMANCE:***

*The Company is involved in the exploration and development of its mineral properties for precious metals located in the Cariboo Mining Division of British Columbia. The property consists of 5,236.0016 hectares (12,938.43 acres) of hard rock mineral claims. The new "good to date" of the mineral claims is September 29, 2019. Exploration and development work of the Mineral properties is on going. The Lease of Placer Mineral s(LPM) is located at the confluence of Keithley and Snowshoe Creeks, the LPM is in good standing to October 14, 2028. The Placer property encompasses an area of 211.34 hectares (522.2 acres). The Company's LOU Claim Group consists of two Placer Claims (100 hectares -247 acres) and two Lou FR (39,086 hectares -96.6 acres) the LOU Claim Group are in good standing until September 23, 2019 Additional exploration is required to determine their potential. The Company's ability to generate revenue is dependent upon the amount of placer pay materials processed from the Cariboo Placer Gold Operation and the Company's ability to secure equity and other financings.*

## ***TRENDS:***

*There are uncertainties regarding the trends in commodity prices such as gold, silver, copper and other minerals. The prices have continually fluctuated in recent years and it is expected fluctuations will continue. Any of these trends, commitments, events or uncertainties may have a material effect on the Company's business, financial condition or results of operations.*

## ***BASIS OF PREPARATION OF FINANCIAL STATEMENTS***

*a) Statement of Compliance*

*These financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretation of the IFRS Interpretations Committees.*

*The unaudited interim financial statements were authorized for issue by the Board of Directors on August 29 28, 2019.*
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*b) Basis of Measurement and Estimates, Assumptions and Measurement Uncertainty*

*The financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments which are measured at fair value ("FVTPL") and fair value through other comprehensive income ("FCTOCI"), as explained in the accounting policies set out in Note 3. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.*

*The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.*

*Significant assumptions about the future and other sources of estimation uncertainty that management has made at* *the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:*

- ***Impairment of exploration and evaluation assets***
  *The estimated value of the exploration and evaluation costs which is recorded in the statement of financial position and the assessment of indications of impairment of each mineral property and related determination of the net realizable value and write-down of those properties where applicable.*

- ***Deferred taxes***
  *The Company recognizes the deferred tax benefit related to deferred tax assets to the extent recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant estimates of future taxable profit. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in the future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.*

  *The critical judgments that the Company's management has made in the process of applying the Company's accounting policies from those involving estimations that have the most significant effect on the amounts recognized in the Company's financial statements are as follows:*

- ***Going concern assumption***
  *The assessment of the Company's ability to execute its strategy and finance the operations through achieving positive cash flow from operations or by obtaining additional funding through the issuance of share capital involves judgment. Management monitors future cash requirements to assess the Company's ability to realize assets and discharge its liabilities in the normal course of operations (see Note 2 (c)).*

*c) Going Concern of Operations*

*These financial statements have been prepared assuming the Company will continue on a going concern basis. These financial statements have been prepared on a going concern basis which assumes that the Company will continue operating for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. The Company has incurred losses since its inception and the ability of the Company to continue as a going concern depends upon its ability to enter extension agreements with the gold contract holders, to raise adequate financing and to develop profitable operations. The Company may not have sufficient cash resources to meet its obligations for at least twelve months from the end of the reporting period. As a result, there is a material uncertainty that may cast a significant doubt about the Company's ability to continue as a going concern.*

*These statements do not reflect adjustments to carrying values and classifications of the assets and liabilities that might be necessary should the Company be unable to continue realizing its assets and discharging its liabilities in the normal course of business.*

***RECENT ACCOUNTING PRONOUNCEMENTS:***

*The following amendment was adopted by the Company for the year ended December 31, 2018:*

*IFRS 9 Financial instruments*
*IFRS 9 Financial Instruments replaced IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The Company adopted IFRS 9 using the modified retrospective approach where the cumulative impact of adoption will be recognized in retained earnings as of January 1, 2018 and comparatives will not be restated.*
*IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or at fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). Financial assets are initially measured at fair value and are subsequently measured at either (i) amortized cost; (ii) fair value through other comprehensive income, or (iii) at fair value through profit or loss.*

- *Amortized cost*
  *Financial assets classified and measured at amortized cost are those assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise to cash flows that are SPPI. Financial assets classified at amortized cost are measured using the effective interest method.*

- *Fair value through other comprehensive income ("FVTOCI")*
  *Financial assets classified and measured at FVTOCI are those assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise to cash flows that are SPPI. This classification includes certain equity instruments where IFRS 9 allows an entity to make an irrevocable election to classify the equity instruments, on an instrument-by-instrument basis, that would otherwise be measured at fair value through profit or loss ("FVTPL") to present subsequent changes in FVTOCI.*

- *Fair value through profit or loss ("FVTPL")*
  *Financial assets classified and measured at FVTPL are those assets that do not meet the criteria to be classified at amortized cost or at FVTOCI. This category includes debt instruments whose cash flow characteristics are not SPPI or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell the financial asset.*
  *Consistent with IAS 39, financial liabilities under IFRS 9 are generally classified and measured at fair value at initial recognition and subsequently measured at amortized cost.*

*The following table summarizes the classification of the Company's financial instruments under IAS 39 and IFRS 9 here were no newly adopted standards during the year that had a material effect on the financial statements.*

| | ***IAS 39 Classification*** | ***IFRS 9 Classification*** |
|---|---|---|
| ***Financial Assets*** | | |
| *Cash and cash equivalents* | *FVTPL* | *Amortized cost* |
| *Investments* | *FVTPL* | *FVTPL* |
| ***Financial Liabilities*** | | |
| *Accounts payable and accrued liabilities* | *Other financial liabilities* | *Amortized cost* |
| *Directors' and shareholders' loans* | *Other financial liabilities* | *Amortized cost* |
| *Gold contracts payable* | *FVTPL* | *FVTPL* |

*The adoption of IFRS 9 did not have an impact on the Company's classification and measurement of financial assets and liabilities. There were no adjustments to the carrying amounts of financial instruments as a result of the change in the classification from IAS 39 to IFRS 9.*

*IFRS 9 uses an expected credit loss impairment model as opposed to an incurred credit loss model under IAS 39. The impairment model is applicable to financial assets measured at amortized cost where any expected future credit losses are provided for, irrespective of whether a loss event has occurred as at the reporting date. The adoption of the new expected credit loss impairment model had no impact on the carrying amounts of financial assets at amortized cost.*

*Consistent with IAS 39, the financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. Financial liabilities are derecognized when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.*

*Fair value hierarchy*

*The Company uses a three-level hierarchy to categorize the significance of the inputs used in measuring the fair value of financial instruments. The three levels of the fair value hierarchy are:*

*Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 consists of financial instruments such as quoted share prices.*

*Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value, volatility factors and broker quotations, which can be substantially observed or corroborated in the marketplace.*

*Level 3 – Valuations in this level are those with inputs which are less observable, unavailable or where the observable data does not support the majority of the instrument's fair value. Level 3 instruments may include items based on pricing services or broker quotes where the Company is unable to verify the observability of inputs into their prices.*

*Level 3 instruments include longer-term transactions, transactions in less active markets or transactions at locations for which pricing information is not available. In these instances, internally developed methodologies are used to determine fair value which primarily includes extrapolation of observable future prices to similar location, similar instruments or later time periods.*

*If different levels of inputs are used to measure a financial instrument's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement.*

***New and Revised IFRS Issued but Not Effective***

*Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below except those which the Company does not expect any impact on the financial statements.*

***IFRS 16, Leases ("IFRS 16")***

*In January 2017, the IASB issued this standard which is effective for periods beginning on or after January 1, 2019, which replaces the current guidance in IAS 17, Leases, and is to be applied either retrospectively or a modified retrospective approach. Early adoption is permitted, but only in conjunction with IFRS 15, Revenue from Contracts with Customers. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognize a lease liability reflective of future lease payments and a 'right-of-use asset' for virtually all lease contracts. As of December 31, 2018, there is no significant impact on the company's financial statements.*

***SELECTED QUARTERLY FINANCIAL INFORMATION***

| *Fiscal Quarter ended* | ***June 30 2019*** | ***Mar 31, 2019*** | ***Dec 31 2018*** | ***Sept 30 2018*** | ***June 30, 2018*** | ***Mar 31, 2018*** | ***Dec 31, 2017*** | ***Sept 30, 2017*** |
|---|---|---|---|---|---|---|---|---|
| *Revenue* | *Nil* | *Nil* | *Nil* | *Nil* | *Nil* | *Nil* | *Nil* | *Nil* |
| *Net (loss) income* | *(369,853)* | *64,011* | *(250,185)* | *509,139* | *252,766* | *(362,775)* | *(4,740,918)* | *56,410* |
| *Basic Income (loss) per share* | *(0.00)* | *(0.00)* | *0.00* | *0.00* | *0.00* | *0.00* | *0.06* | *0.00* |
| *Total Assets* | *5,852,639* | *5,846,477* | *5,840,944* | *5,768,293* | *5,730,704* | *5,736,985* | *5,736,351* | *10,744,346* |
| *Total Liabilities* | *7,599,071* | *8,566,131* | *8,624,609* | *8,301,773* | *8,773,323* | *9,032,370* | *8,668,961* | *8,508,174* |

***Exploration Expenses:***

*For the six months ended June 30,2019 exploration and project evaluation expenses net of recovery were $15,288 compared with $5,412 for the same period in 2018.*

***SELECTED ANNUAL FINANCIAL INFORMATION***

| | ***2018*** | ***2017*** | ***2016*** |
|---|---|---|---|
| *Revenue* | - | - | - |
| *Net income (loss) for the Year* | *148,945* | *(5,332,884)* | *(836,086)* |
| *Basic and Diluted Loss per share* | *0.00* | *(0.07)* | *(0.01)* |
| *Total Assets* | *5,840,944* | *5,736,351* | *10,739,349* |
| *Total Liabilities* | *8,624,609* | *8,668,961* | *8,339,075* |
| *Total Long-term Liabilities* | *3,865,053* | *3,868,874* | *4,794,382* |

***LIQUIDITY AND CAPITAL RESOURCES:***

| | *June 30, 2019* | *June 30, 2018* |
|---|---|---|
| *Cash provided by (used in) operating activities* | *(29,654)* | *$(40,196)* |
| *Cash used by investing activities* | *(11,519)* | *$6,405* |
| *Cash provided by financing activities* | *41,061* | *$34,118* |

*Total cash used for operating activities during the six months ended June 30, 2019 was $29,654 compared with $40,196 of cash used during the six months ended June 30, 2018. Cash mostly used to fund operations and offset items not involving cash.*
*Total cash used by investing activities during the six months ended June 30, 2019 was $11,519 compared to $(6,405) during the six months ended June 30, 2018. Cash mostly used in mineral properties exploration activities.*
*Total cash provided by financing activities during the six months ended June 30, 2019 was $41,061 compared with $34,118 during the six months ended June 30, 2018. All cash provided by related parties.*

*The Company's working capital deficiency at June 30, 2019 was $3,521,609 compared to working capital deficiency of $4,758,386 at December 31, 2018. The decrease in working capital deficiency was mainly due to reclassification of current gold contracts payable.*

*As of June 30, 2019, total assets were $5,852,639, an increase of $11,695 from $5,840,944 as at December 31, 2018.*

*Exploration and evaluation assets increased by $15,288 from mineral and deferred exploration expenditures.*

***Results of Operation:***

| | *Six Months Ended June 30, 2019* | *Six Months Ended June 30 31, 2018* |
|---|---|---|
| ***Administrative Expenses*** | | |
| *Professional fees* | *$20,944* | *$3,640* |
| *Total administrative expenses* | *$33,542* | *$16,382* |
| ***Other Item*** | | |
| *Gain (loss) on gold contracts payable* | *$(336,321)* | *$(87,225)* |

***Net Income:***

*The Company's net loss was $369,853 for the six months ended June 30, 2019 compared to net loss of $110,009 for the same period ended June 30, 2018. The change is mainly due to the valuation of the gold contracts.*

***Administrative Expenses:***

*Administrative expenses for the six months ended June 30, 2019 were $33,542 compared with $5,412 for the same period in 2018. There were no significant variances in administrative expense.*

***Off Balance Sheet Items:***

*The Company does not have any off-balance sheet items.*

***Related Party Transactions:***

*Related party transactions and balances not disclosed elsewhere in these financial statements are as follows:*

| | *June 30 2019* | *December 31, 2018* |
|---|---|---|
| *a) Directors and former directors' loans, bearing no interest* | *$ 584,652* | *$ 1,313,355* |

*All amounts due to related parties are unsecured and have no specified terms of repayment.*

| | | |
|---|---|---|
| *b) Gold contracts payable to directors* | *$ 1,152,017* | *$ 1,092,067* |
| *c) Amounts paid or accrued to directors, officers and shareholders of the Company for exploration consulting and administrative fees* | | |
| *i) Included in exploration and evaluation assets* | *$ -* | *$ 15,600* |

*The above transactions are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.*

***FORWARD LOOKING STATEMENTS:***

*This report contains forward looking statements that are based on beliefs of management, assumptions made by and information currently available to the management of the Company. When used in this report the words "estimate", "believe", anticipate", "intend", "expect", "plan", "planning", "may", "should", "will", and the negative thereof or other variations thereon or comparable terminology are intended to identify forward-looking statements. Such statements reflect the current views of the Company with respect to future events based on currently available information and are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in the statements. The statements contained in this report speak only as of the date hereof. The Company does not undertake any obligation to release publicly any revisions to these statements to reflect events or circumstances after the date hereof or reflect the occurrence of unanticipated events.*

***CARIBOO PLACER PROPERTY***

**LOU Claim Group**

**(Lou 1, Lou 2 Placer Claims and Lou 2 Fractions)**

*The surface rock formations dips to the southwest indicating the Placer Channels may continue northward from Keithley Creek onto the Lou Placer Claims. The Lou placer claim group encompass an area of 139.08 hectares (247 acres). In September of 2018 an IP Survey was carried out on the Lou claims, although limited revealed a significant anomaly on the eastern portion of the line and may be interpreted as a buried river channel or fault structure. The most significant chargeability high on the eastern end of the line could be associated with magnetite in the area, which is known to carry gold. The results of the 2018 IP Survey identify with the findings of the 2008 geochemical Survey and the VLF-EM and Magnetometer surveys of 2011 and 2013*

*The Lou Placer Claim Group is good to September 23, 2019. The Surveys completed to date indicate two potential gold bearing river channels with correlative localized magnetometer high anomalies interpreted as accumulations of potential placer gold with magnetite.*

***Cariboo Placer Lease #365488:***

*The nature of the gold deposition in the placer channels tend to be concentrated in pockets of enrichment and quartz stringers. The pockets exposed by drilling vary in depths and width with lesser grade material occurring between them. Drilling also revealed pockets of magnetite were carriers of gold.*

*The new processing area of the Placer gravels has been readied for activation this area encompasses a total of .925 hectares (2.28 acres). The location is larger and more accessible. The construction of larger settling ponds, two clear water ponds and an area for stock piling pay gravels has been put on temporary hold, the company is waiting for additional Permits. The water supply for the region is from mountain springs and can be gravity fed into the clear water ponds. Maintenance and refurbishing of the processing plant is being carried out.. The site was leveled and the hauling roads were prepared for use. The settling ponds and clear water ponds have been mapped and flagged readied for construction.*

*The Reclamation work of the placer site carried out in the spring and summer of 2016, late fall of 2017 and 2018 consisted of back filling of the settling and clear water ponds with overburden materials, rocks and excess debris. A second access road was constructed over the reclaimed settling pond area as well as a large parking area for equipment and vehicles. The two access roads for hauling of pay gravels to the new location have been widened and made more efficient. Original access roads into the camp and mining site area are being maintained on an ongoing basis.*

*The company awaits the approval of "Placer Work Permit". Reclamation of the properties is carried out on an ongoing basis.*

***CARIBOO MINERAL CLAIMS:***

***Analysis of The Geophysical Survey Results:***

*During the summer of 2018 a VLF- Electro Magnetometer Survey and an Induced Polarization Survey were carried out on the Cariboo Mineral Claims between Snowshoe and Weaver Creeks exposing several major northerly trending anomalies The surveying was to explore two prominent local knolls that appear to be underlain by altered and structurally controlled intrusive stocks that could also be the source of local Placer deposits. Past exploration work revealed the Placer Gold is mainly due to gold vein deposits hosted in quartzites.*

*The VLF-EM survey results show two semi- circular high magnetic anomalies in the northeastern and northwestern sectors of the grid. The magnetic anomalies are cut by strong northwesterly trending VLF-EM conductors. It is inferred the VLF-EM conductors is reflecting a fault structure that may be the western fault contact of a buried intrusive body. The strong north north-northwesterly trending VLF-EM conductor, a possible fault contact bounding the western side of a distinct chargeability high at the northeastern end of the IP grid and another similarly -oriented conductor on its eastern side. This high chargeability and its coincident low resistivity anomaly appear to be reflecting a buried, Sulphide-rich intrusive body with attendant and peripheral magnetic mineralization.*

*The Induced Polarization survey ('IP') was conducted to identify buried metasedimentary and/or intrusive bodies that may host gold-bearing Sulphide mineralization The results of the IP survey show coincident high chargeability and low resistivity anomalies in the immediate vicinity of the high magnetometer and VLF-EM anomalies in the northeastern sector of the survey grid, this may be indicative of a buried Sulphide rich intrusive* *body of dioritic stock, with attendant and peripheral magnetic mineralization..*

*During 2016 the Geophysical (Magnetometer) and Geochemical (rock chip and soil sampling) fieldwork over 10 line kilometers of magnetometer surveying, found the NMG 26 mineral claim contains sections of ultramafic rock up to 5 meters in width with elevated nickel chromium-strontium-vanadium of geochemical analysis value, all of which correlates with the 2018 surveys.*

*The surveys were conducted over two Knolls where known volcanic intrusive rocks were identified. Three area's of interest showed extremely high readings and what appears to be a massive structure at depth. The IP Survey completed was able to penetrate to depths of 400 meters.*

*The volcanic intrusive rock of the area and coincident results of the VLF-EM and Magnetometer survey with that of the Induced Polarization survey warrant continued exploration of the area and in particular in the area of the two circular knolls where volcanic rocks have been identified. Further studies have revealed the three area's of interest have coincident values in gold, copper, lead and zinc..*

*In late July 2018 and early August aerial photography and videography of the property was carried out to view road accessibility throughout the property and general topography, the information recovered will assist the ground crews in carrying out their survey work.*

***Mineral Claim Title Change***

*No title changes were made during 2018, the property consists of 24 mineral titles consisting of 17 Cell Claims and 7 Legacy Claims covering an area of 5,236.0016 hectares (12,938.4218 acres). The company abandoned 4 DOT Legacy Claims to eliminate duplications, they are covered by the converted and or amalgamated Cell claims.*

***Investor Relations***

*Investor Relations activities include mailing Company Information packages, emailing and or faxing company data and news releases to those shareholders and non-shareholders requesting information.*

## ***FINANCIAL INSTRUMENTS:***

*Capital Management*

*The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its resource properties and to maintain flexible capital structure for its projects for the benefit of its stakeholders. In management of capital, the Company includes the components of shareholders' equity as well as cash, receivables and current liabilities.*

*The Company manages the capital structure and makes adjustments to it in light of changes in the economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, enter into joint venture property arrangements, acquire or dispose of assets or adjust the amount of cash. The Company does not have any major capital expenditures committed for the current year. Management reviews the capital structure on a regular basis to ensure that the above-noted objectives are met. The Company's capital management objectives, policies and processes have remained unchanged during the six months ended June 30, 2019 (and twelve months ended December 31, 2018).*

*The Company is dependent on the capital markets as its sole source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects.*

*Credit risk*

*Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.*

*Liquidity risk*

*The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2019, the Company has cash balances of $355 (December 31, 2018 - $467) to settle accounts payable and accrued liabilities of $133,561 (December 31, 2018 - $481,747). The Company currently does not have sufficient funds to sustain operations. The Company will need additional funding to meet working capital and mineral property requirements.*

*Market risk*

*Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity prices.*

*- Interest rate risk*
*The Company's credit facilities are comprised of gold contracts payable, short-term debts and as such ,the Company may be exposed to interest rate risk. The Company mitigates the risk by fixing the interest rates of the gold contracts payable and the interest rates on the short-term debts upon the inception of the debt. The Company believed it has no significant interest rate risk.*

*- Foreign currency risk*
*As at June 30, 2019 and December 31, 2018, the Company's expenditures are primarily in Canadian dollars and any future equity raised is expected to be predominantly in Canadian dollars. The Company believes it has no significant foreign exchange rate risk.*

*- Commodity price risk*
*The fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market prices. Profitability of the Company depends on metal prices for gold. Gold price is affected by numerous factors such as the sale or purchase of gold by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuations in the value of the United States dollar and other foreign currencies, global and regional supply and demand, and the political and economic conditions of major gold-producing countries throughout the world.*

*As part of the Company's gold contract payable financing, the Company has commitments for future delivery of 4,103 troy ounces (December 31, 2018 – 4,103 troy ounces) of raw gold in consideration for unsecured advances. The carrying values of the Company's gold contracts payable are subject to increase or decrease depending on the price of gold and the exchange rate between the Canadian and US dollar that could have a significant impact on earnings. A $100 US change per ounce in the price of gold as at June 30, 2019 and December 31, 2018, would have resulted in an approximate $53,000 decrease or increase in the Company's pre-tax losses for the period. This impact would have no effect on cash flows until the requirement of the Company to deliver the underlying commodity (gold) falls due.*

*Fair value hierarchy*

*Financial instruments recorded at fair value are measured using a three-level fair value hierarchy:*

| | |
|---|---|
| *Level 1* | *Fair value is determined by reference to quoted prices in active markets for identical assets and liabilities* |
| *Level 2* | *Fair value is determined based on inputs other than quoted prices for which all significant inputs are observable, either directly or indirectly* |
| *Level 3* | *Fair value is determined based on inputs that are unobservable and significant to the overall fair value measurement* |

*Financial instruments that are measured at fair value through profit and loss include investments which is grouped into level 1 and gold contracts payable which is grouped into level 2.*

*Financial instruments that are not measured at fair value on the balance sheet are accounts payable and accrued liabilities, and directors' and shareholders' loans. The fair value of these financial instruments approximates* *their carrying value due to their short-term nature.*

***DISCLOSURE CONTROLS AND PROCEDURES:***

*As required by Multilateral Instrument 52-109, the Company's management has evaluated the effectiveness of its disclosure controls and procedures and the internal control over financial reporting as of the end of the period covered by this report. Based on the results of this evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were generally effective.*

*The only issue during the process was related to internal control over financial reporting. The issue identified, the concentration of some duties, is one that affects small companies. As a small organization, the Company's management is composed of a small number of key individuals, resulting in a situation where limitations in segregation of duties have to be compensated by more effective supervision and monitoring by the Chief Executive Officer and Chief Financial Officer. The risk mitigated by the active involvement of senior management and the Board of Directors in all the affairs of the Company; open lines of communication within the Company; the present levels of activities and transactions within the Company being readily transparent; and the thorough review of the Company's financial statements by management and the Board of Directors.*

***OTHER MD&A REQUIREMENTS:***

*As at June 30, 2019 and August 29, 2019 there were 102,488, 356 common shares outstanding. The company has no stock option.*