Issued August 29, 2019

# INTERNATIONAL MILLENNIUM MINING CORP.
# MANAGEMENT DISCUSSION AND ANALYSIS
# QUARTER ENDED JUNE 30, 2019

This Management Discussion and Analysis ("MD&A") prepared August 29, 2019, should be read in conjunction with the interim condensed consolidated financial statements for the quarter ended June 30, 2019.

## Description of Business

International Millennium Mining Corp. (the "Company" or "IMMC") is a mineral exploration and development company engaged in the acquisition, exploration and development of mining properties. The Company has acquired and is exploring silver-gold properties in Nevada, USA and is in the process of carrying out a reverse takeover transaction to acquire a significant coal deposit and energy project in Mongolia.

## Forward Looking Information

The MD&A contains forward-looking statements about the Company's future plans, objectives, strategies, financial conditions, results of operations, cash flows, exploration and development activities and businesses. The MD&A is "forward-looking" because it is based on current expectations, estimates and assumptions about the Canadian and world economic climates, as they relate to metals and the mining industry, the Canadian economic environment, the Company's ability to explore and develop its mineral properties and to manage its assets and control its costs.

Certain information set forth in this document includes forward-looking statements. By their nature, forward looking statements are subject to numerous risks and uncertainties, some of which are beyond IMMC's control, including but not limited to: risks and uncertainties relating to the interpretation and assumptions used in calculating resource estimates; the execution and outcome of current or future exploration activities; information included or implied in the various independently produced and published technical reports; anticipated drilling and resource estimation plans; differences in actual recovery rates, grades, and tonnage from those expected; the inherent uncertainty of production and cost estimates, risks and uncertainties relating to timing and amount of estimated future production, capital expenditures and cash flows; risks relating to our ability to obtain adequate financing for our planned activities and to complete further exploration programs; foreign currency fluctuations; commodity price fluctuations; risks related to governmental regulations, including environmental regulations and other general market and industry conditions, as well as those factors discussed in the section entitled "Key Information – Risk Factors" in each management discussion and analysis.

All of the forward-looking statements contained in this MD&A are qualified by these cautionary statements and by stated or inherent assumptions. The key assumptions made in connection with these forward-looking statements include the following:

- The demand for base and precious metals is volatile and could substantially affect commodity prices;
- The exercise of outstanding warrants and joint venture agreements should continue to fund property payments and exploration on certain properties;
- New financings will be required to meet the Company's exploration programs and property payment requirements;
- The risk of government regulations imposing requirements that would significantly increase our exploration costs is low in the Company's existing property areas;
- Our key personnel and consultants will continue their employment with or be available to the Company; and
- The reverse takeover project with Phoenix Capital announced by the Company on August 31, 2018, is subject to a number of conditions, including but not limited to, TSX Venture Exchange acceptance and shareholder approval, which approval may be withheld. There can be no assurance that the transaction will be completed as proposed or at all.

Although we believe these assumptions are reasonable, investors should not place undue reliance on forward-looking statements or the key assumptions, which apply only as of the date of this MD&A. There can be no assurance that the actual results or developments anticipated by us will be realized or, even if substantially realized, that they will have the expected consequences, or effects, on us. Except as required by law, we undertake no obligation to update or revise forward-looking statements, even if circumstances or management's estimates or opinions should change.

**Selected Quarterly Information**

| | 2nd Quarter Fiscal 2019 | 2nd Quarter Fiscal 2018 | Year to Date Fiscal 2019 |
|---|---|---|---|
| Expenditures | $ 99,773 | $ 59,675 | $ 153,807 |
| (Gain) Loss on Foreign Exchange | $ 568 | $ 1,494 | $ 3,678 |
| Depreciation | $ 6,490 | $ 6,245 | $ 12,980 |
| Net Income (Loss) for the Period | $ (129,823) | $ (59,675) | $ (183,857) |
| Net and Comprehensive Income (Loss) for the Period | $ (129,823) | $ (59,675) | $ (183,857) |
| Net Income (Loss) Per Share | $ 0.00 | $ 0.00 | $ 0.00 |

| | June 30, 2019 | December 31, 2018 |
|---|---|---|
| Exploration and evaluation assets | $ 6,401,498 | $ 6,330,246 |
| Total assets | $ 6,669,008 | $ 6,624,576 |
| Total liabilities | $ 416,986 | $ 188,696 |
| Share capital | $ 19,551,012 | $ 19,551,012 |
| Common shares outstanding | 171,302,476 | 171,302,476 |
| | | |

**Summary Discussion**

During the six months ended June 30, 2019, the Company recorded a net loss of $183,857 as compared to a loss of $121,486 during the comparable period in fiscal 2018. Overall expenditures increased by $32,321, or 26.6%, from $121,486 in the first six months of fiscal 2018 to $153,807 in the first six months of fiscal 2019. The material variances during the quarters are as follows:

i) Transfer agent and filing fees increased by $24,815 to $35,850 in the first six months of fiscal 2019 as compared to $11,035 in the comparable period in fiscal 2018, as a result of increased fees paid to the TSX-V;

ii) Office expenditures increased to $27,205 in the first six months of fiscal 2019 as compared to $14,980 in the comparable period in fiscal 2018;

iii) The Company recorded a finance fee of $30,050 during the first six months of fiscal 2019, paid to the sponsor broker, due to the proposed transaction with Phoenix Capital; and

iv) The Company recorded higher legal fees in the first six months of fiscal 2019 in relation to the filing costs related to the proposed transaction with Phoenix Capital.

The Company's working capital has decreased to a working capital deficiency of $246,083 at June 30, 2019, as compared to a working capital deficiency of $53,953 at December 31, 2018. This was due to the use of cash for operating activities, and the significant extra legal, regulatory, travel and other costs incurred as a result of the transaction with Phoenix Capital.

## COMPANY PROPERTIES

### Nevada, USA Properties

**Silver Peak (Nivloc) Property, Esmeralda County**

In September, 2007, the Company established its interest in the Silver Peak (Nivloc) Property by acquiring 9 unpatented claims for US$75,000 and 110,000 shares.

In February 2011, and amended May 22, 2012, the Company executed an Option and Joint Venture Agreement, with Silver Reserve Corp. ("SRC"), pursuant to which the Company acquired the right to purchase up to 85% interest in 18 unpatented lode claims (the "NL Extension Claims") contiguous with and surrounding the Company's existing Nivloc Mine property, Esmeralda County. The Company acquired the interest in the NL Extension Claims by making cash payments of US$350,000 and by issuing 1,925,000 shares over a period of five years as follows:

| | Cash (US$) | Common shares |
|---|---|---|
| Upon execution of Letter of Intent (paid) | 5,000 | - |
| Upon execution of Agreement (paid 2011) | 5,000 | - |
| Upon receipt of TSX Venture approval (paid and issued) | 15,000 | 275,000 |
| On or before September 15, 2011 (paid and issued) | 35,000 | 300,000 |
| On or before September 15, 2012 (paid and issued) | 50,000 | 300,000 |
| On or before September 15, 2013 (paid and issued) | 70,000 | 350,000 |
| On or before September 15, 2014 (paid and issued) | 70,000 | 350,000 |
| On or before September 15, 2015 (paid and issued) | 100,000 | 350,000 |
| | 350,000 | 1,925,000 |

During fiscal 2011, an additional 95 contiguous claims (the "Additional Claims") were staked and recorded.

Following the Company's completion of a positive feasibility study, the Silver Peak (Nivloc) Property is to be developed on a joint venture basis where SRC has the right to contribute to the development of the 122 claim Silver Peak (Nivloc) Property and retain a 15% interest therein, provided that it contributes 15% of further exploration, development and mining expenditures. Failure by SRC to contribute 15% of the expenditures for further exploration, development and mining, will result in dilution of its interest. If SRC's interest is diluted to 10% or less, its interest in the Silver Peak (Nivloc) Property will revert to a 2% NSR Royalty.

On October 14, 2015, the Company made the final payment of US$100,000 to SRC, thereby acquiring 85% undivided interest in the Silver Peak (Nivloc) Property. The Company registered this 85% undivided interest in the Silver Peak (Nivloc) Property with the US Bureau of Land Management (the "US BLM") and Esmeralda County, Nevada.

On January 7, 2016, the Company executed a Sale and Purchase Agreement, including an Option to Purchase Royalty Interest (the "Agreement"), to acquire SRC's remaining interests in the Silver Peak (Nivloc) Property (the "Transaction"). These interests include the following:

(i) All rights, titles and interests owned by SRC in and to the remaining undivided 15% interest in and to the NL Extension Claims, and any and all licenses and permits pertaining thereto; and
(ii) The sole and exclusive right and option to acquire a 15% interest in the 104 claims held by the Company (the "IMMC Claims").

Pursuant to the Agreement, the Company will pay SRC US$110,000 (the "Cash Consideration") for the Silver Peak (Nivloc) Property interests detailed above (the "Silver Peak (Nivloc) Property Interests"), and SRC will retain a royalty interest of 2% of Net Smelter Returns from the NL Claims and the IMMC Claims (the "Royalty Interest"). SRC will transfer 100% of its interest, right and title in the Silver Peak (Nivloc) Property Interests to the Company. Final closing of the Agreement is expected to take place on or before February 22, 2016 (the "Closing"). In the event that the Closing does not occur on February 22, 2016, at the discretion of SRC, the date of the Closing may be extended to March 22, 2016, upon the payment of an additional US$10,000 as a component of the Cash Consideration, for total consideration of US$120,000. On April 5, 2016, the Company made the final payment towards the Cash Consideration amount of US$120,000, thereby acquiring and registering 100% interest in the 122 claims comprising the Silver Peak (Nivloc) Property, subject to the 2% Royalty Interest, with the US BLM and Esmeralda County, Nevada.

On December 22, 2016, the Company paid SRC US$120,000 to acquire the 2% Royalty Interest, funded by Capital Mineral Resource Investments Limited ("CMRI"). As a condition of the funding the Company received from CMRI to purchase the Royalty Interest, 1% NSR of the Silver Peak (Nivloc) Property was transferred to CMRI. CMRI granted to the Company an exclusive option to purchase 100% of CMRI's right, title and interest in the 1% Royalty Interest (the "Royalty Option") for $2,000,000 for a period of ten years from December 24, 2016 (or any portion or portions thereof on a pro rata purchase price) at any time and from time to time on or before December 24, 2026.

On April 19, 2017, the Company staked forty-two lode claims, contiguous to the Silver Peak (Nivloc) Property, and acquired eight unpatented lode claims contiguous thereto, all located in Esmeralda County, Nevada. The total cost was US$62,700 and the issuance of 100,000 common shares of the Company.

In October 2017 (and amended March 16, 2018), the Company executed Option Agreements with Silver Saddle Resources LLC ("Silver Saddle") and Consent to Assignment Agreements between the Company, Silver Saddle and two underlying property owners (the "Silver Saddle Agreements"), to acquire 25 unpatented lode mineral claims located contiguous with the Company's Silver Peak (Nivloc) Property (the "Silver Saddle Claims") in Esmeralda County, Nevada. Pursuant to the Silver Saddle Agreements, the Company shall acquire a 100% interest in the Silver Saddle Claims, subject to various net smelter return ("NSR") royalties by making cash payments of US$115,000 and by issuing 1,000,000 shares as follows:

| | **Cash (US$)** | **Common shares** |
|---|---|---|
| Upon execution of Letter of Intent (paid) | 10,000 | - |
| Upon receipt of TSX Venture approval (issued) | - | 1,000,000 |
| On or before December 31, 2017 (paid) | 20,000 | - |
| On or before March 29, 2018 (paid) | 5,000 | - |
| On or before June 30, 2018 (paid) | 10,000 | - |
| On or before March 29, 2019 (paid) | 10,000 | - |
| On or before April 30, 2019 (paid) | 10,000 | - |
| On or before March 29, 2020 | 50,000 | - |
| | 115,000 | 1,000,000 |

The NSR royalties pursuant to the Silver Saddle Agreements vary from 1.5% on eight of the claims, of which 1.25% NSR can be purchased for US$190,000; 2.5% on seven of the claims, of which 1.25% NSR can be purchased for US$110,000; and, 1.5% on ten of the claims, of which 0.5% NSR can be purchased for US$500,000.

In November 2017, the Company staked an additional 14 claims contiguous to the Company's Silver Peak claims for US$11,484, including US BLM and Esmeralda County filing fees.

The Company's total land holdings in the Silver Peak project area include 211 claims covering in excess of 4,000 acres (1,600 hectares).

The Company filed a technical report on the Nivloc Property in August 2012, which is available at www.sedar.com or on the Company's website at www.immc.ca

**Simon Property, Mineral County**

Pursuant to an Option Agreement executed in December, 2004, and a Settlement Agreement with the Estate of Nadean Bedford, announced in November, 2010, the Company acquired, and holds in good standing, a 100% interest in the Simon Property, consisting of 20 patented and 3 unpatented contiguous claims. The Company holds a total of 20 patented and 80 unpatented mining claims in good standing on the Simon Property. The monthly payments are US$2,000. There are no underlying royalties.

During the years ended December 31, 2018, and 2017, the Company wrote off the carrying amount of the exploration and evaluation assets due to inactivity and no formal plans to work on the property. However, for strategic reasons, the Company intends to maintain the payment obligations noted above.

**AJ Claims, Esmeralda County**

During the fiscal year 2017, the Company staked 28 claims near Mud Springs for US$5,800, in the Silver Peak Mining District, Esmeralda County, Nevada. The claims, known as the AJ Prospect, are 22 kilometers west of Silver Peak, Nevada, and 12 kilometers west-northwest of the Company's Silver Peak Property, and lie in the Silver Peak Caldera.

The Company allowed the AJ claims to lapse in the third quarter of fiscal 2018. The Company wrote down the claims during the year for $13,723.

## EXPLORATION PROGRAMS

**Silver Peak (Nivloc) Property**

In 2011, the Company initiated a drilling program on the Silver Peak (Nivloc) Property. Thirty-seven (37) drill holes, totaling approximately 10,500 metres were completed by April 5, 2012. Thereafter, as a result of poor financial markets the Company did not carry out any exploration work until June/July 2017, when a prospecting and geological mapping program was completed. At this time, the Company is updating its data bases in anticipation of a geophysical and next phase drilling program, pursuant to the Company's NI43-101 Technical Report dated July 31, 2012, which can be found at www.sedar.com or on the Company's website www.immc.ca.

**Operating Expenses**

**Comparison of six month period ending June 30, 2019 to the six months ended June 30, 2018**

During the six months ended June 30, 2019, the Company recorded a net loss of $183,857 as compared to a loss of $121,486 during the comparable period in fiscal 2018. Overall expenditures increased by $32,321, or 26.6%, from $121,486 in the first six months of fiscal 2018 to $153,807 in the first six months of fiscal 2019. The material variances during the quarters are as follows:

i) Transfer agent and filing fees increased by $24,815 to $35,850 in the first six months of fiscal 2019 as compared to $11,035 in the comparable period in fiscal 2018, as a result of increased fees paid to the TSX-V;

ii) Office expenditures increased to $27,205 in the first six months of fiscal 2019 as compared to $14,980 in the comparable period in fiscal 2018;

iii) The Company recorded a finance fee of $30,050 during the first six months of fiscal 2019, paid to the sponsor broker, due to the proposed transaction with Phoenix Capital; and

iv) The Company recorded higher legal fees in the first six months of fiscal 2019 in relation to the filing costs related to the proposed transaction with Phoenix Capital.

**Selected Financial Data by Quarter**

| ( $ ) | Q2-19 | Q1-19 | Q4-18 | Q3-18 | Q2-18 | Q1-18 | Q4-17 | Q3-17 |
|---|---|---|---|---|---|---|---|---|
| Revenue | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Expenses | 99,773 | 54,034 | 148,774 | 41,943 | 51,936 | 58,152 | 433,226 | 63,653 |
| Net income (loss) for the quarter | (129,823) | (54,034) | (123,653) | (55,666) | (59,675) | (61,811) | (421,536) | (63,653) |
| Basic income (loss) per share | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Cash & cash equivalents | 4,381 | 18,006 | 15,347 | 2,146 | 25,270 | 111,448 | 305,321 | 420,874 |
| Current assets | 60,177 | 72,452 | 74,017 | 83,118 | 128,199 | 246,145 | 335,625 | 697,531 |
| Working capital (deficiency) | (246,083) | (149,356) | (53,953) | 3,151 | 57,482 | 184,678 | 271,257 | 644,859 |

**Stock Option Plan**

On July 7, 2017, the Company granted a total of 9,600,000 new stock options to Company directors, officers, employees and consultants. During the second year of 2018 the Company Granted a total of 1,250,000 new stock option to Company directors and 1,100,000 stock options lapsed unexercised. All issued and outstanding stock options expire on July 7, 2022, and are exercisable at a price of $0.05 per share.

| | Number of options | Weighted average exercise price |
|---|---|---|
| Outstanding and exercisable, December 31, 2017 | 9,600,000 | 0.05 |
| Granted | 1,250,000 | 0.05 |
| Lapsed | 1,100,000 | 0.05 |
| Outstanding and exercisable, December 31, 2018 | 9,750,000 | 0.05 |
| Outstanding and exercisable, June 30, 2019 | 9,750,000 | 0.05 |

**Related Party Transactions**

During the quarter ended June 30, 2019, the Company incurred transactions with related parties as follows:

1) The Company shares office services with Cabo Drilling Corp. (“Cabo”), a company with a common director and officers at a monthly cost of $8,000 per month. This includes rent, utilities, general office costs and administration fees. As at June 30, 2019, $10,062 (at December 31, 2018, IMMC was due - $47,243) was owing to Cabo. During the quarter ended June 30, 2019, the Company incurred administration fees of $24,000 (2018 – $24,000) to Cabo. The amounts owed are unsecured, non-interest bearing, and due on demand

2) As at June 30, 2019, the Company owes $79,015 (December 31, 2018 - $62,515) to four directors of the Company, which is included in accounts payable and accrued liabilities. The amounts owing are unsecured, non-interest bearing, and due on demand. During the quarter ended June 30, 2019, the Company incurred directors' fees of $9,750 (2018 - $8,750).

**Liquidity and Capital Resources**

The Company’s working capital has decreased to a working capital deficiency of $246,083 at June 30, 2019, as compared to a working capital deficit of $53,953 at December 31, 2018.

### Share Transactions

Share transactions during the year ended December 31, 2018 and period ended June 30, 2019:

No share transactions

### Loans Payable

As at June 30, 2019, the Company owed $2,790 (June 30, 2018 - $7,790) to a non-related party which is unsecured, non-interest-bearing, and is due on demand.

As at June 7, 2019, the Company completed a private placement debenture financing (the "Bridge Financing") consisting of the issuance of C$50,000 of convertible unsecured debentures at a price of C$1,000 per unit, with each debenture unit consisting of a C$1,000 principal amount 30-month 12% unsecured convertible debenture of the Company (a "Debenture"). The Debenture will be convertible into that number of units, each unit consisting of one (1) transferable common share and one (1) warrant (together a "Conversion Unit"), calculated on the basis of either: i) if converted prior to the completion of the acquisition agreement with Phoenix Capital (see Proposed Transaction, below) and proposed 20 for 1 consolidation (the "Consolidation), at a conversion price of $0.05 per Conversion Unit (resulting in 1,000,000 Conversion Units) for the first 12 months of the term and $0.10 per Conversion Unit for the balance of the term of the Debenture after the initial 12 months (resulting in 500,000 Conversion Units); or ii) following completion of the Consolidation, at a conversion price of $0.50 per consolidated Conversion Unit (resulting in 100,000 consolidated Conversion Units).

### Proposed Transaction

On August 31, 2018, the Company entered into an acquisition agreement with Phoenix Capital Enterprises ("Phoenix Capital") where the Company would acquire 100% of the issued and outstanding common shares of Tengri Coal and Energy Pte. Limited, a wholly-owned subsidiary of Phoenix Capital, for 198,117,617 post-consolidated common shares of the Company. The agreement is subject to the Company approving and finalizing a share consolidation of its issued and outstanding common shares on a basis of 1 new common share for every 20 old common shares. As at the date of filing, the agreement is still subject to close.

### Investor Relations

Investor relations are carried out by management.

### Industry Trends and Risks

The business of mineral exploration, development and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. At present, the Company's properties have no known body of commercial ore and the proposed work programs include an exploratory search for ore. Unusual or unexpected formations, formation pressures, fire, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the operation of mines and the conduct of exploration programs. The Company has no experience in the development and operation of mines and in the construction of facilities required to bring mines into production. The Company has relied and will continue to rely upon consultants and others for operating expertise. The economics of developing mineral properties is affected by many factors including the cost of operations, variations of the grade of ore mined and fluctuations in the world prices of minerals produced.

### Workforce Availability

The demand and supply cycles for geologists, geophysicists and exploration and mining professionals change quite dramatically at times. This may cause shortages or excess supplies and consequently, can affect the Company either negatively, or to the positive, depending on the world's metal cycles. Management is relying on its long-standing relationships with well-qualified geologists and mining professionals to hire these professionals as they are needed in a business-like manner.

### Metal Prices and Marketability of Minerals

Metal prices fluctuate widely and are affected by numerous factors beyond the control of the Company, including international economic and political trends, expectation of inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities, and worldwide production levels. The marketability of minerals, which may be acquired or discovered by the Company, will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations (including price), the proximity of metal markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, and tenure, land use, the import and export of minerals and environmental production. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

### Financial Risks

The Company is an exploration and development stage company with no operating history and no pre-tax profit. There is little likelihood that the Company will realize any profits in the short term. Investors cannot expect to receive a dividend on their investment in the foreseeable future. The Company will require additional financing for working capital and to carry out the exploration and development of its mineral property interests, and if financing is unavailable for any reason, the Company will not be able to maintain its properties in good standing.

The Company does not have sufficient financial resources to meet the funding requirements to undertake, by itself, the recommended exploration programs for all of its properties over the next year. Fulfilling the terms of the various agreements, completing mineral property assessment work requirements and the development of the mineral property interests may require joint venturing of projects and renegotiating of some property agreements, as well as carrying out further equity financings, which would cause shareholder dilution.

### Conflicts of Interest and Dependence on Key Personnel

The success of the Company and its ability to continue to carry on operations is dependent upon its ability to retain the services of certain key employees and consultants, and to attract experienced senior officers and directors. Although the Company does have an employment contract in place with American Resource Management Consultants Inc. ("ARMC") for its President, John A. Versfelt, and with several management consultants, their continued involvement is not assured and the loss of their services to the Company may have a materially adverse effect on the Company.

Certain of the Company's directors and officers serve as directors or officers of, and/or own securities of, other public companies. Such persons may have a conflict of interest in allocating their time and resources among the Company and such other companies. To the extent that these other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest.

### Government Regulations

Any operations carried on by the Company will be subject to government legislation, policies and controls relating to development, production, operations, environmental protection, taxes and labour standards. The Company presently has no insurance to protect against any of these, or other, potential liabilities. In addition, although the Company is not aware of any specific claim for aboriginal title rights in respect of the Company's mining tenements, it is possible that such a claim could be made in the future.

### Significant Accounting Estimates and Judgments

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the year in which the estimate is revised and future years if the revision affects both current and future years. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of judgments and estimates 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:

***Critical Judgments***

- The analysis of the going concern assumption, which requires management to take into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period; and
- The determination of whether it is likely that future economic benefits from exploration and evaluation expenditures are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

***Estimates***

- Recoverability of exploration and evaluation assets;
- Fair value of share-based payments;
- Rehabilitation provisions; and
- Unrecognized deferred income tax assets.

### Exploration and Evaluation Assets

Mining properties comprise the acquisition and maintenance of the mineral properties exploration rights and all exploration costs directly incurred on the properties. The Company records its interest in mining properties and related expenditures at cost or at an ascribed amount if the consideration is common shares. Recorded amounts are capitalized until the properties are brought into production, sold, abandoned or there is little or no exploration on the properties. Capitalized costs related to sold or abandoned properties are written off in the period of sale or abandonment or written down if there is little or no work planned for a property for the foreseeable future. Capitalized costs related to producing properties are to be amortized to production on the unit of production method, based upon estimated production capacity.

### Flow-through Shares

The Company provides certain share subscribers with a flow-through component for tax incentives available on qualifying Canadian exploration expenditures. The increase to share capital when flow-through shares are issued is measured based on the current market price of common shares. Any premium, being the excess of the proceeds over the market value of the common shares, is recorded as a liability. At the later of the renouncing and the incurrence of the expenditure the Company de-recognizes the liability and the premium amount is recognized as other income, and recognizes a deferred income tax liability.

### Stock-based Compensation

The Company has a stock option plan under which it grants stock options to directors, employees and consultants. Stock-based compensation is recorded as an expense for all options granted to employees, or to those providing similar services, at the fair value of the equity instruments over the vesting period, with a corresponding increase in contributed surplus. For options that vest in installments over the vesting period, each installment is accounted for as a separate arrangement.

The Company uses the Black-Scholes option pricing model to estimate the fair value of each stock option at the date of grant. For awards with vesting conditions, a forfeiture rate is recognized at the grant date and is adjusted at each reporting date to reflect the number of awards expected to vest. As the options are exercised, the consideration paid, together with the amount previously recognized in contributed surplus is recorded as an increase in share capital.

For equity-settled stock-based payments to non-employees, the Company measures the value of the goods or services received, and the corresponding increase in contributed surplus, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case the Black-Scholes option pricing model is used.

The Company has no cash-settled share based payment transactions.

**Rehabilitation Obligation**

A provision for site rehabilitation is recognized based on statutory, contractual, or constructive obligations resulting from the acquisition, exploration, and development of exploration and evaluation assets. The net present value of the future site rehabilitation costs is capitalized to the related asset with a corresponding increase in the provision for site rehabilitation. The net present value is calculated using a pre-tax rate that reflects the time-value of money and the risks specific to the liability. The unwinding of the discount is classified as a finance cost in the consolidated statement of operations.

As at March 31, 2019, the Company has recorded a provision of $60,726 (2018 - $60,726) representing the fair value of the estimated reclamation costs of the Company’s exploration and evaluation assets. As at March 31, 2019, the Company has not commenced development of the exploration and evaluation assets and accordingly, a reasonable estimate of the timing of the cash flows cannot be made.

**Accounting Policies Adopted**

A number of new standards, and amendments to standards and interpretations, are not yet effective for the quarter ended March 31, 2019, and have not been applied in preparing these consolidated financial statements.

- IFRS 16, Leases (New)

The Company has not early adopted this revised standard and does not expect that the implementation of the standard would have a material impact on the Company’s consolidated financial statements.

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

**Financial Instruments Risks**

The Company's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk, market risk, liquidity risk and currency risk, as follows:

a. The Company is not exposed to interest rate risk because its loans payable bear interest at a fixed interest rate. Fluctuations in market rates do not have a significant impact on the Company's operations.

b. Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. As at March 31, 2019, the Company had a working capital deficit of $149,356 (Dec 31, 2018 – $53,953). The Company manages this risk by evaluating current and expected liquidity requirements and seeking financing arrangements as necessary.

c. Currency risk is the risk to the Company's earnings that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. As at March 31, 2019, the Company has cash on deposit totaling US$13,658 (Dec 31 2018 - US$12,053). Cash in United States dollars have been translated to Canadian dollars at a rate of Cdn$1.364 (2018 – Cdn$1.364 per US dollar). The Company has limited US dollar transactions and any fluctuations in the US dollar would have an insignificant impact on earnings.

d. The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

**Outstanding Share Information as of August 29, 2019**

Issued and outstanding capital: 171,302,476 common shares

**Stock options outstanding**

The Company has 9,750,000 stock options issued and outstanding.

Additional information about the Company, including audited annual financial statements, is available on the SEDAR website: www.sedar.com.