

GALORE

R E S O U R C E S I N C .

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED JUNE 30, 2019

Date of Report: August 29, 2019

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited condensed consolidated interim financial statements of Galore Resources Inc. (the "Company"), as at June 30, 2019, and the related notes which were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the International Financial Reporting Interpretations Committee. In the opinion of management, all adjustments, which consist only of normal recurring adjustments, considered necessary for a fair presentation have been included. The results for the three months ended June 30, 2019 presented are not necessarily indicative of the results that may be expected for any future period. All dollar amounts in this MD&A are reported in Canadian dollars, unless otherwise stated.

Management is responsible for the preparation and integrity of the financial statements including the maintenance of appropriate information systems, procedures and internal controls. Management also ensures that information used internally or disclosed externally, including the financial statements and MD&A, is complete and accurate.

The Company's board of directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to senior management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to permit timely decisions regarding public disclosure.

Additional information relating to the Company is available at www.sedar.com.

Caution Regarding Forward Looking Information:

Except for statements of historical fact, certain information contained herein constitutes forward-looking statements. Forward looking statements are usually identified by our use of certain terminology, including "will", "believes", "may", "expects", "should", "seeks", "anticipates", or "intends" or by discussions of strategy or intentions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results or achievements to be materially different from any future results or achievements expressed or implied by such forward-looking statements. Forward-looking statements are statements that are not historical facts, and include but not limited to, estimates and their underlying assumptions; statements regarding plans, objectives and expectations with respect to the effectiveness of the Company's business model; future operations, products and services; the impact of regulatory initiatives on the Company's operations; the size of and opportunities related to the market for the Company's products; general industry and macroeconomic growth rates; expectations related to possible joint and/or strategic ventures and statements regarding future performance.

Forward-looking statements used in this discussion are subject to various risks and uncertainties, most of which are difficult to predict and generally beyond the control of the Company. If risks or uncertainties materialize, or if underlying assumptions prove incorrect, our actual results may vary materially from those expected, estimated or projected. Forward-looking statements in this document are not a prediction of future events or circumstances, and those future events or circumstances may not occur. Given these uncertainties, users of the information included herein, including investors and prospective investors are cautioned not to place undue reliance on such forward-looking statements.

All statements in this discussion that address the Company's expectations about future exploration and/or development are forward-looking statements.

Overview

The Company was incorporated in British Columbia on November 12, 2004 and began trading on the TSX-V under the symbol “GRI” on March 19, 2007. The Company is in the process of exploring its exploration and evaluation assets and has not as yet determined whether these properties contain reserves that are economically recoverable.

The Company’s exploration property is the Dos Santos gold property in Zacatecas State, Mexico.

Highlights for the three months ended June 30, 2019 and to date (and the year ended March 31, 2019):

- On January 17, 2018, the Company announced that it had entered into a 5-year contract with Urbanizaciones Y Acabados, S.A. De CV (“URBYASA”), (subject to a two-year validity for renewal) to mine gold from certain mineral claims within the property. Under this contract, URBYASA was to be responsible for all required insurance, permits, fees, duties, and taxes associated with the Mining Law and other federal, state and local laws. Any proceeds, net of costs, will be allocated 40% to the Company and 60% to URBYASA. The Company would retain the rights on all other minerals extracted at the Company’s other claims. The contract with URBYASA is with the Company’s wholly owned subsidiary, Minerales Galore S.A. De CV.

During the year ended March 31, 2019, the Company formally requested that URBYASA terminate the small-scale mining operation at Los Gemelos that was previously announced in October 2018. URBYASA was asked to vacate the property and terminate the agreement.

- On April 17, 2018, the Company entered into a debt settlement agreement (the “Agreement”) with the optionors of the San Onesimo property. Under the terms of the agreement, the Company returned the San Onesimo property to the optionors, and settled the cash payments owing for 2015, 2016, and 2017, by issuing the optionors 3,000,000 fully paid and non-assessable common shares in the capital stock of the Company at a price of \$0.054 per share. In return the optionors agreed to cancel and forgive all future payments of cash and shares due under the Agreement and absolve the Company from any and all responsibility to pay outstanding claim taxes due and future taxes payable on the property. On May 17, 2018, the Company received TSX Venture Exchange approval to proceed with the debt settlement arrangement and issued the 3,000,000 common shares.
- On May 1, 2018, the Company granted 4,400,000 options to various directors, officers, and consultants of the Company. The options are exercisable at a price of \$0.10 for a period of five years from the date of grant.
- On June 21, 2018, the Company entered into a loan agreement with a non-arm’s length shareholder of the Company (the “Lender”). Under the terms of the agreement, the Lender provided the Company with a loan of USD \$30,000, bearing interest at 10% per annum, compounded monthly. As additional consideration, the Company agreed to issue to the Lender a bonus of 159,600 common shares. On June 21, 2019, the loan matured and remains outstanding. No formal loan extension has been reached and the loan continues to accrue interest at the stated terms.
- On October 4, 2018, the Company concluded a Private Placement and issued 8,391,542 units for gross proceeds of \$419,577. Each unit consisted of one common share and one common share purchase warrant. Each warrant is exercisable into one additional common share at a price of \$0.08 per share and expires five years from the date of issue. In connection with the financing the Company issued an additional 300,000 common shares as a finder’s fee.
- In October 2018, Galore completed all payments to acquire title to the surface rights to certain privately-owned lands known as Rancho Duraznillo that cover a portion of the Dos Santos project. The terms of the agreement required payments of \$350,000 Pesos on signing and further monthly payments over 18 months totaling approximately \$1,050,000 Pesos.

- In October, 2018, Galore retained the services of senior geologists, Guadalupe Garcia (Project Manager) and Bill Fleshman (Vice President of Exploration). Their initial work included mapping and sampling the El Álamo and the Los Gemelos claims for the purpose of proposing a drill program to test priority targets.
- On November 13, 2018, the Company issued 1,900,000 options to various directors, officers, and consultants of the Company. The options are exercisable at \$0.10 per share and expire five years from the grant date. 1,650,000 of these options are subject to the approval of shareholders prior to any exercise.
- On May 1, 2019, an officer of the Company loaned the Company USD \$100,000, bearing interest at 10% per annum. In consideration of the loan, subsequent to the quarter ended June 30, 2019, the Company issued 2,000,000 bonus warrants to the lender. The warrants are exercisable at \$0.05 per share and expire one year from the date of issuance.
- In May, 2019, Galore announced that Minerales Galore S.A, De CV., Galore's wholly owned Mexican subsidiary, signed an agreement with COMEFIN S DE RL DE CV of Mexico to immediately mobilize a drill core rig to complete a 2,500-meter diamond core drilling program at Galore's 100% owned El Alamo project. The agreement also allows for an additional 1,500 meters of drilling at Galore's 100% owned Los Gemelos project, where previous work has exposed narrow quartz and calcite veins containing visible gold. Drill permits from the governing body, SEMARNAT, and local Ejido's permissions had been approved for both and road preparations and drill pad site construction began at El Alamo. Both projects are located in a highly prospective district that boasts the Penasquito Mine, Mexico's largest open pit gold mine located 35km to the northwest. On May 24, 2019, Galore commenced the 2500-meter diamond core drill program.
- On June 24, 2019, Galore announced the commencement of a non-brokered private placement to raise gross proceeds of up to USD \$1,500,000.00 (the "Offering"). The private placement consists of up to 40,200,000 units, using the conversion rate of (\$1 USD = \$1.34 CAD) at a price of CAD \$0.05 per unit (the "Units"), with each Unit consisting of one common share and one share purchase warrant (a "Warrant"). Each warrant will be exercisable into one additional common share at a price of CAD \$0.10 per share for a period of two years from the date of closing of the financing. At the discretion of the Company, Warrants will be subject to an accelerated expiry, such that if the closing price equals or exceeds \$0.15 per share for 10 consecutive trading days, then the Company will provide notice to the warrant holders that the exercise period of the Warrants shall be reduced to 30 days, with the reduced period commencing seven calendar days following the tenth consecutive trading day. The Private Placement remains open and will require the approval of the TSX Venture Exchange.

DOS SANTOS, MEXICO

The Dos Santos project in Zacatecas State, Mexico is the company's primary exploration focus. The property mineral tenures cover a gold exploration project located within the historic Concepcion del Oro mining district in northern Zacatecas State, Mexico. It is located in a sparsely populated, mining friendly area of Mexico with a 500-year long mining history and in one of the most prospective areas in Mexico for large mineral deposits. The property is located 35 kilometres southeast of Goldcorp's world-class Peñasquito gold-silver-lead-zinc mine and lies adjacent to the northern property boundary of the Camino Rojo gold deposit. The Camino Rojo project was acquired by Goldcorp in February, 2010 through an acquisition of Canplats Resources. Subsequently (2017), Orla Mining purchased Camino Rojo through an agreement with Goldcorp and has begun to develop the project.

Dos Santos was assembled over a number of years, starting in 2007 with an option agreement on 658 hectares covering artisanal mining activity dating back to the mid-19th century. A 100% interest in these claims was earned in 2011. Additional claims were acquired by staking and through the Mexican mineral title lottery system from 2007 to 2010.

In 2012, the Company entered into a purchase agreement to acquire the surface rights to certain privately-owned lands known as Rancho Duraznillo that cover a portion of the Dos Santos project. The terms of the agreement required payments of \$350,000 Pesos on signing and further monthly payments over 18 months totalled approximately \$1,050,000 Pesos. The purchase of Rancho Duraznillo was completed in full in October 2018.

La Palma target

Prior to 2009, Galore explored known gold showings at San Jose and Los Gemelos in the northern area of the property. In 2009 and 2010 the Company began exploring for a Camino Rojo-style silver-gold deposit in areas underlain by the same host rocks. Exposure is limited in these areas, so a soil pH survey was used to outline initial targets, which were then explored by Induced Polarization (IP) and magnetometer surveys.

The best results were obtained on the North Grid at La Palma, where a 160-hectare area, coincident chargeability and magnetic anomalies were defined on seven lines. The chargeability anomaly is up to 1,400 metres wide, delineated over a 1,200-metre length and appears to be open to the west.

The North Grid anomaly was tested in October to December 2010 with twelve diamond drill holes, totalling 4,973 metres. The drill holes were spaced from 280 to 860 metres apart and tested targets within and outside the anomalies.

The La Palma area is underlain by a calcareous and carbonaceous clastic sedimentary rock unit, which grades into an impure limestone at depth. The clastic unit is an argillite having interbeds of siltstone-sized fragments at higher levels. Centimetre-scale pyritic beds to millimeter-scale very fine-grained pyrite laminations occur in this unit in all holes and increase in frequency with depth. These pyritic layers do not carry significant metal values. Deposition of the pyrite bands in the clastic unit is interpreted as syn-sedimentary, caused by an influx of iron into a starved basin environment. However, drilling also encountered a three to four-metre-thick marker horizon in all holes, with a unique geochemical signature, suggesting a short pulse of metals associated with hydrothermal fluids were discharged on the sea floor during sedimentation. Much younger, polymictic breccias (mixed angular rock types) were also encountered in all drill holes. These breccias occur in thicknesses from centimetres to several metres, parallel to and crosscutting bedding. More importantly, breccias contain altered felsic intrusive and feldspar porphyry fragments, common to diatreme related deposits. These breccias are evidence of a high-energy explosive intrusion-related event.

All anomalous concentrations of silver-lead-zinc mineralization in drill core are associated with these breccias. Geochemical evidence suggests the brecciation and mineralization are intrusion-related, although not all breccia intercepts contain igneous fragments. These features may be associated with diatreme intrusions similar to the geology of Goldcorp's Peñasquito mine. Our exploration model is based on this relationship. Diatreme intrusions at Peñasquito have been shown to have a lower density than their host rocks and are associated with intrusion-related magnetic anomalies. A combined airborne gravity and magnetic survey was chosen in 2012 to explore the favourable geology on the property. A fixed wing airborne survey was initially selected but system availability and various delays resulted in choosing a helicopter-borne gravity survey system, which was working near the Dos Santos property in February 2014.

In April 2014, the Company received the survey results. A total of 1,233 line-kilometres (770 line-miles) Helicopter Airborne Gravity Gradiometer and High Sensitivity Magnetic Survey were flown over approximately 20,000 hectares (49,400 acres) of the Dos Santos Property and the adjacent San Onesimo property. An assessment of the survey data by an independent geophysicist revealed encouraging anomalies in three areas of the property, which fit Galore's exploration model. Secondary geophysical anomalies, which may indicate other styles of mineralization, were also outlined by the survey.

El Álamo target

The El Álamo claim was acquired by Galore through a Mexico government claim lottery and is 100% owned by Galore. In September 2010 the Company began a systematic trenching and mapping program. The main trenches ranged in length from 34 to 80 metres. The program included 512 continuous chip and channel rock samples taken from 10 trenches totalling 1,020 in length. Samples were taken in a north-south direction, across steeply dipping, east-west trending, altered limestone beds. Six of the trenches, which ended in gold-bearing mineralization, were extended by 212 metres. The best results include 12 meters of 0.96 g/t gold, adding to more significant intervals in the main trenches. It is now interpreted that the main area of gold mineralization at El Álamo measures over 500 metres long and up to 110 metres wide. The mineralization remains open at depth and in at least two directions.

From December 2011 to January 2012, the Company carried out a shallow percussion drill-sampling program on the claim. Drilling was done at 30-metre spacing using a conventional track-mounted percussion drill to minimize construction of road access in steep terrain. The results demonstrate that mineralization exposed in the trenches extends to depth.

In July 2017 Galore employed the services of an independent geologist, Tony Adkins. Mr. Adkins provided a Property Evaluation Report in August 2017 and deemed the El Alamo claim to be a “high quality target”. Mr. Adkins report provided further sampling with assay results ranging from 0.822 ppm to 18.6067 ppm and confirmed the widespread occurrence of anomalous gold values.

Senior geologists Guadalupe Garcia (Project Manager) and Bill Fleshman (Vice President of Exploration) joined the exploration team in October 2018. Their initial work included mapping surface outcrops along El Álamo ridge for the purpose of proposing a drill program to test the priority targets. Under their supervision a drill core program started in May of 2019 and is currently on going.

San Jose target

Previous work in the San Jose area included rock sampling of hand-trenches, numerous artisanal pits and several abandoned underground workings. Gold assays range from trace to 208 gm/tonne over 0.5 metres. Gold values are associated with anomalous arsenic, mercury, antimony and thallium concentrations, which are known pathfinder elements associated with high-level epithermal gold mineralization. All samples lie within a one-kilometre diameter circular carbonate and silica-alteration anomaly, which is evident on an ASTER satellite image of the area.

In July 2009, the Company completed a thirteen-hole, 3,500 metre reverse-circulation drilling program. Anomalous gold and gold pathfinder elements occur throughout all holes. The best intercepts were returned from three holes. Holes 2S-07, 2S-08 and 2S-10 returned 1,880 ppb gold (1.88 gm/tonne) over 2 metres, 1,019 ppb gold (1.02 gm/tonne) over 2 metres and 962 ppb gold (0.96 gm/tonne) over 2 metres respectively. Intercept depths range from 40 to 149 metres. Results indicate that the San Jose epithermal target is underlain by an extensive mineralized system that is gold bearing. Trace elements, associated with gold mineralization and alteration at San Jose, show a west to east trend, suggesting the San Jose mineralization system extends to the west on the El Álamo claim.

In April 2014, this area was covered by the Helicopter Airborne Gravity Gradiometer and Magnetic Survey.

May 4, 2017 the Company announced that it had commenced a 3,500-meter diamond drill program on the Dos Santos property targeting the San Jose claim. June 29, 2017 the Company announced that it was forced to abandon and discontinue the drill program due to many mechanical issues encountered by the driller.

In October 2018, as part of the El Álamo evaluation, a new exploration target located between San Jose and El Álamo was identified through surface mapping and sampling. Samples were collected of quartz-calcite veins containing anomalous silver values considered potentially indicative of an upper level low-sulfidation epithermal system. This new target “Guadalupe Hill” will be the focus of future exploration.

Los Gemelos target

At Los Gemelos, two small hills crop out above the surrounding pediment; dozens of surficial mines and prospects have been worked by artisanal miners for the production of free gold associated with abundant calcite veins which cut calc-silicate altered carbonate rocks. Galore's 2008 program tested the bulk mining potential of the area by excavating a number of hand trenches in bedrock, which typically measured 20 metres in length and were sampled with continuous two-metre-long-chip samples.

Gold assays from the Los Gemelos samples range from trace to 33.70 gm/tonne over 1.7 metres. The lack of outcrop surrounding this area merits geophysical methods to confirm the extent of skarn mineralization immediately beneath the shallow alluvium. In April 2014 the Helicopter Airborne Gravity Gradiometer and Magnetic Survey outlined a higher density area associated with a strong magnetic response, which may have implications for skarn-related gold mineralization. The airborne survey also identified an 800m circular gravity low west of the two Los Gemelos hills which was interpreted to be similar to the gravity low associated with the Azul breccia pipe at Peñasquito (Lajoie, 2015) and a priority drill target.

On January 12, 2018 Galore entered into a 5-year contract with URBANIZACIONES Y ACABADOS, S.A. DE CV, "URBYASA", to extract available gold at Galore's 100% owned Duraznillo Ranch, which includes the Los Gemelos and Duende 7 claims. This decision to proceed with URBYASA was not based on a feasibility study of mineral reserves demonstrating the economic or technical feasibility of the project.

Under the terms of the agreement URBYASA was to install a processing plant with an initial capacity of 90 tons per week. In addition, URBYASA was also required to install a new water well, improve utilities to the property, improve road access and install a new entrance to the property. It was URBYASA responsibility to carry all necessary insurance needed for damages or loss of any kind and responsible for all permits, fees, duties, taxes and insurance associated with the Mining Law and other federal, state and local laws. The agreement allowed URBYASA to carry out the extraction of mineralized material and sale of any concentrated gold on a monthly basis, with any proceeds, net of costs, as reported by URBYASA, being allocated forty percent (40%) to Galore and sixty percent (60%) to URBYASA. This arrangement applied to any material that is processed at the Duraznillo plant that is mined from other properties owned by URBYASA. Galore retained the rights on all other minerals extracted at the Galore claims and there was a 100-meter depth limitation on production.

In January 2019 Galore's exploration team conducted detailed mapping of the exposures created by URBYASA's excavation activity and re-evaluated previous geologic mapping of Los Gemelos. As part of this work a 3D model was developed to guide future exploration including selection of priority drill targets.

During the year, Galore formally requested that URBYASA terminate the small-scale mining operation at Los Gemelos that was previously announced in October, 2018. URBYASA was asked to vacate the property and terminate the agreement.

San Onesimo target

In June 2014, the Company signed an Option Agreement to acquire three claims totaling 5,603 hectares known as the San Onesimo property. These claims are located south and contiguous to Galore's Dos Santos property in northern Zacatecas State, Mexico. Previous work on the San Onesimo property confirmed that the favourable host rocks the Company is exploring on Dos Santos, underlie the San Onesimo claims. This is an early stage, underexplored property and a suitable target for applying Galore's Dos Santos exploration model. The San Onesimo claims were covered by the 2014 Heli-Falcon gravity magnetic survey flown over the Dos Santos property.

Under the San Onesimo Agreement, Galore can earn a 100% interest in the property by making escalating cash payments totalling US\$508,000 (US\$28,000 paid) over 5 years and issuing 1 million common shares of the Company by the contract completion date in 2019. The property optionors retain a 2% Net Smelter Royalty (NSR) from gold and silver production and 1% NSR from all other mineral production. These royalties may

be purchased by Galore for US\$ 1 million for each 1% NSR on or before the option completion date in 2019. The agreement also requires the Company to pay annual taxes on the claims.

Subsequent to the period, the Company entered into a shares for debt arrangement with the owners of the San Onesimo Property (the “Owners”), and relinquished its option and ownership on the San Onesimo Property to the Owners.

EXPLORATION EXPENDITURES

	Dos Santos, Mexico
	\$
Balance, March 31, 2018	5,445,384
Acquisition Costs	48,608
Assays and lab analysis	1,208
Camp cost, logistics and community	16
Field office, travel and accommodation	105,894
Geological, geophysical and geochemical	53,102
Payment of rights	205,420
Payment of rights (reversal)	(20,247)
Balance, March 31, 2019	5,839,385
Assays and lab analysis	1,208
Camp cost, logistics and community	38,862
Field office, travel and accommodation	107,021
Geological, geophysical and geochemical	22,454
Balance, June 30, 2019	6,008,930

SELECTED QUARTERLY FINANCIAL INFORMATION

The following table sets out selected unaudited quarterly financial information and is derived from the Company’s unaudited quarterly financial statements prepared by management.

Quarter ended	Loss before income taxes	Total assets	Exploration and evaluation assets	Weighted average shares outstanding	Basic & diluted loss per share
June 30, 2019	(\$112,964)	\$6,159,136	\$6,019,714	122,546,603	(\$0.00)
March 31, 2019	(\$123,205)	\$5,942,554	\$5,839,385	117,660,588	(\$0.00)
December 31, 2018	(\$224,074)	\$5,633,021	\$5,509,386	122,168,710	(\$0.00)
September 30, 2018	(\$122,248)	\$5,735,418	\$5,452,244	113,835,978	(\$0.00)
June 30, 2018	(\$233,001)	\$5,521,143	\$5,446,732	112,146,010	(\$0.00)
March 31, 2018	(\$425,094)	\$5,498,702	\$5,445,384	110,629,708	(\$0.00)
December 31, 2017	(\$94,549)	\$5,853,046	\$5,804,763	110,695,461	(\$0.00)
September 30, 2017	(\$98,572)	\$5,859,800	\$5,804,074	110,695,461	(\$0.00)

Quarterly results will vary in accordance with the Company’s exploration, financing and non-cash expenses such as stock compensation benefits and writing off of previously incurred exploration costs. The Income (loss) before income taxes varies mostly due to the accrual of stock-based compensation which is dependent upon the size, timing and estimated fair value of the stock option granted. The Company’s professional fees will vary in each quarter depending on financing and property acquisitions.

RESULTS OF OPERATIONS

The Company's principal business activity is the acquisition and exploration of mineral properties. The Company currently has mineral property interests in Mexico.

The Company's net loss before taxes for the three months ended June 30, 2019 was \$112,964 or \$0.00 per share, compared to a loss of \$233,001 or \$0.00 per share for the same period in 2018. The most significant contributions to the loss in the period ended June 30, 2019 were management fees and interest expenses.

During the three months ended June 30, 2019:

- i) Interest expense increased to \$28,520 (2018 - \$16,048) due to interest accrual on an additional loan of USD\$100,000 provided by a director of the Company.

LIQUIDITY AND CAPITAL RESOURCES

The Company is a mineral-exploration company with no producing resource properties, and consequently, does not generate operating income or cash flow. To date, the Company has relied primarily upon the sale of its common shares to provide working capital for exploration activities and to fund the administration of the Company. There can be no assurances that additional financing will be available to the Company when required.

The Company did not issue any shares during the three month period ended June 30, 2019.

As of June 30, 2019, the Company had cash of \$19,022 compared to \$1,155 as of March 31, 2019. There was a working capital deficiency as of June 30, 2019 of \$1,876,341 (March 31, 2019 - \$1,596,288).

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off balance sheet arrangements.

RELATED PARTY TRANSACTIONS

A detailed summary of all the Company's related party transactions is included in Note 5 of the Company's June 30, 2019 unaudited condensed consolidated interim financial statements.

RELATED PARTY LOANS

In January 2017, the Company entered into a loan agreement with a senior officer of the Company (the "Lender"), whereby the Company borrowed USD\$150,000. Under the terms of the agreement, the loan is due January 12, 2019, bore interest of 8% per annum, compounded monthly, and payable upon demand, provided however, that the Lender agreed not to make a demand within the first twelve months of the Loan.

On January 12, 2019, the loan matured and remains outstanding. No formal loan extension has been reached, and the loan continues to accrue interest at the stated terms.

In May, 2019, the Company entered into a loan agreement with a senior officer of the Company, whereby the Company borrowed USD\$100,000. Under the terms of the agreement, the loan bears the interest of 10% per annum, compounded monthly. Subsequent to the quarter ended June 30, 2019, as further consideration for advancing the loan, the Company issued the Lender a bonus of 2,000,000 warrants.

LOAN PAYABLE

On June 21, 2018, the Company entered into a loan agreement with a non-arm's length shareholder of the Company (the "Lender"). Under the terms of the agreement, the Lender has provided the Company with a cash loan of USD \$30,000, bearing interest at 10% per annum, compounded monthly. As additional consideration, the Company agreed to issue to the Lender a bonus of 159,600 common shares.

On June 21, 2019, the loan matured and remains outstanding. No formal loan extension has been reached, and the loan continues to accrue interest at the stated terms.

PROPOSED TRANSACTIONS

The Company does not have any proposed transactions.

CRITICAL ACCOUNTING ESTIMATES

A detailed summary of all the Company's significant accounting policies is included in note 2 of the March 31, 2019 audited consolidated financial statements.

FINANCIAL INSTRUMENTS AND FINANCIAL RISK

The Company's financial instruments, at June 30, 2019, consist of cash, amounts receivable, accounts payable and accrued liabilities, due to related party and loan payable. Cash and amounts receivable have been classified as subsequently measured at amortized cost, the carrying values of which approximate their fair values due to their short-term nature. Accounts payable and accrued liabilities, due to related party and loan payable are measured at subsequently measured at amortized cost using the effective interest rate method, however due to their short-term nature, their carrying amounts approximate fair value.

OUTSTANDING SHARE DATA

The Company has one class of common share. As at the current date, there were 122,546,603 common shares outstanding.

The Company has a stock option plan. As at the current date, there were 17,150,000 stock options outstanding, all of which have vested.

The Company has 24,081,026 warrants outstanding at the current date.

CAPITAL MANAGEMENT

The capital of the Company consists of the items included in shareholder's equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company. The Company's objective for capital management is to plan for the capital required to support the Company's ongoing acquisition and exploration of its exploration and evaluation assets and to provide sufficient funds for its corporate activities.

The Company's exploration and evaluation assets are in the exploration stage. As such, the Company is unable to self-finance its operations. Further, the Company expects its current capital resources will not be sufficient to complete its exploration and development plans and operations through its current operating period and will be required to raise additional funds through future equity issuances. The Company's ability to continue as a going concern is therefore dependent on its ability to raise additional funds through equity issuances.

There has been no change to the Company's capital management policy during the three months ended June 30, 2019.

RISKS AND UNCERTAINTIES

The Company's success depends upon a number of factors, many of which are beyond the Company's control. Typical risk factors and uncertainties include the ability to raise financing, title matters, metal prices, currency-rate fluctuations, and changing legislation and regulations. Risk factors could materially affect the Company's future operations and could cause actual events to differ materially from those described in forward-looking statements relating to the Company.

Mineral exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection, the combination of which factors may result in the Company not receiving an adequate return of investment capital.

DISCLAIMER

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. The users of this information, including but not limited to investors and prospective investors, should read it in conjunction with all other disclosure documents provided including but not limited to all documents filed at www.sedar.com. No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.