



**GFG Resources Inc.
(An Exploration Stage Company)**

Management's Discussion & Analysis

For the three and nine months ended March 31, 2019 and 2018

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TRADING SYMBOLS:

TSX-V: GFG
OTCQB:GFGSF

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A"), dated as at May 13, 2019, is to assist readers in understanding GFG Resources Inc.'s ("GFG" or the "Company") financial and operating performance for the three and nine months ended March 31, 2019 and 2018. This MD&A should be read in conjunction with the Company's condensed interim consolidated financial statements and related notes thereto and the Company's June 30, 2018 Audited Consolidated Financial Statements and notes thereto. The Board of Directors has approved the disclosure presented herein.

The Financial Statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. Except as otherwise disclosed, all dollar figures included therein and in the following MD&A are quoted in Canadian dollars, which is the functional and presentation currency of the Company. The functional currency of the entity is determined using the currency of the primary economic environment in which that entity operates. Up to February 27, 2018, the Company's functional currency was the US dollar. Effective February 28, 2018, in connection with the closing of the Rapier Gold Inc. acquisition (*see Note 3 and Note 4 to the condensed interim consolidated financial statements*), the Company reassessed its functional and presentation currency and determined it to be Canadian dollars.

Additional information can be found on the Company's website (www.gfgresources.com) or SEDAR (www.sedar.com).

Certain sections of this MD&A may contain forward-looking statements.

All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words. Readers are cautioned that these statements which describe the Company's plans, objectives, and budgets may differ materially from actual results. See additional discussion under "Risks and Uncertainties" section.

Q3 HIGHLIGHTS AND OTHER SIGNIFICANT EVENTS

- April 24, 2019: Expanded and identified new gold anomalies and completed Phase 1 drill program at the Pen Gold Project;
- April 3, 2019: Discovered new gold zone with 21.26 grams of gold per tonne ("g/t Au") over 1.7 metres ("m") at Pen Gold;
- February 27, 2019: Started drilling and outlined the 2019 exploration program at its Pen Gold Project west of Timmins, Ontario; and
- January 17, 2019: Intersected 33.77 g/t Au over 1.05 m at the Pen Gold Project west of Timmins, ON.

CORPORATE DEVELOPMENTS

On, December 11, 2017, the Company entered into agreements (the "Agreements") to consolidate a large, highly prospective land package west of Timmins, Ontario with each of Rapier Gold Inc. ("Rapier"), Probe Metals Inc. ("Probe") and Osisko Mining Inc. ("Osisko"). Under the respective Agreements, the Company acquired the outstanding common shares of Rapier (the "Rapier Acquisition"), the West Porcupine Property from Probe (the "West Porcupine Property Acquisition") and the Swayze Project from Osisko (the "Swayze Property Acquisition") via property purchase agreements. In addition to the Agreements, the Company completed a non-brokered private placement for gross proceeds of approximately \$7.0 million.

Rapier Acquisition

Under the terms of the Acquisition, all of Rapier's issued and outstanding common shares were exchanged on the basis of 0.15 of a common share in the capital of the Company for each one Rapier common share, representing total consideration of approximately \$0.08 per Rapier share based on GFG's 20-day volume weighted average share price ending December 7, 2017 on the Exchange.

The Rapier Acquisition was carried out by way of a court approved plan of arrangement and received approval of 90% of the votes cast by the shareholders of Rapier. The Rapier transaction closed on February 28, 2018.

West Porcupine Property Acquisition

On December 21, 2017, the Company purchased 100% of Probe's interest in the West Porcupine property, a land package consisting of 198 claims and covering approximately 245 square kilometres located southwest of Timmins, Ontario, in exchange for the issuance of 6,477,883 shares of the Company.

Swayze Property Acquisition

On December 21, 2017, the Company purchased 100% of Osisko's interest in the Swayze property, a land package consisting of 56 and covering approximately 120 square kilometres claims located 40 kilometres from Newmont's Borden gold project, in exchange for 1,110,494 shares of the Company.

Sewell Property Acquisition

On, June 25, 2018, the Company completed the acquisition of the Sewell Property from a subsidiary of Alamos Gold Inc. ("Alamos") in exchange for 390,930 GFG common shares. The Sewell Property is located 10 kilometres west of Pan American Silver's West Timmins Gold Mine and is contiguous to portions of the Pen Gold Project's eastern boundary.

Option and Earn-in Agreement

On September 10, 2018, the Company completed an option and earn-in agreement ("JV Agreement") with Newcrest Resources Inc. ("Newcrest"), a wholly-owned subsidiary of Newcrest to advance GFG's Rattlesnake Hills Gold Project. Under the terms of the JV Agreement, Newcrest has the right to acquire, in multiple stages, up to 75% of the Rattlesnake Hills Gold Project by completing a series of exploration and development expenditures summarized below and making staged option cash payments totaling US\$1.25 million to GFG over a nine-and-a-half-year period.

Terms of the Agreement

Option Phase (18 months)	Stage 1 (4 years)	Stage 2 (2 years)	Stage 3 (2 years)
<ul style="list-style-type: none"> Cash payment of US\$100,000 Minimum spend of US\$2.6M on exploration GFG will manage & receive a 10% management fee 	<ul style="list-style-type: none"> To earn 51% Cash payment of US\$500,000 Spend US\$14M on exploration 	<ul style="list-style-type: none"> To earn 60% Cash payment of US\$650,000 Delivery of a PEA 	<ul style="list-style-type: none"> To earn 75% Funding the lesser of: <ul style="list-style-type: none"> US\$80M on exploration; or Deliver positive Bankable Feasibility Study

OUTLOOK

The Company will continue to take a multi-disciplinary exploration approach to advance its district scale gold projects in Ontario and Wyoming.

At the Company's Pen Gold and Dore Gold Projects in Ontario, the Company's 2019 exploration plans include further ground geophysics, till sampling, prospecting, mapping, and approximately 8,000 m of diamond drilling. The majority of 2019 exploration will be focused on the Pen Gold Project. The Phase 1 drill program, which started in March and was completed in April, consisted of 4,400 m in 15 holes testing targets in the Jehann, Reeves and Slate regions and one follow-up hole at the Crawford target where the Company made a new discovery in its inaugural drill program in late 2018 (see news release "[GFG Discovers New Gold Zone with 21.26 g/t Gold over 1.7 Metres at Pen Gold Project West of Timmins, ON](#)"). The remaining 3,500 m of drilling is anticipated to begin during the third quarter of 2019. In conjunction with the drill programs, the Company will begin a Phase 3 regional till sampling program.

At the Rattlesnake Hills Gold Project in Wyoming, U.S., the Company is working with Newcrest on re-modeling the district and deposit-scale geological and geophysical data, to drive both deep and greenfield drill targeting. As part of this process, the Company is currently applying Corescan technology to historic deep drill holes and innovative machine-learning technology

to constrain geochemical and mineralogical vectors related to gold mineralization to further refine deep drill targets. The Company plans to provide a detailed summary of the 2019 exploration activities in the coming months with an aggressive drill program anticipated to begin in July 2019.

CORPORATE PROFILE

The Company was incorporated on January 24, 2012, under the laws of the Province of British Columbia, Canada. Following the completion of its initial public offering ("IPO") on June 26, 2012, the Company secured designation as a Capital Pool Company ("CPC"), according to the regulations of the TSX Venture Exchange (the "Exchange"). The Company's current corporate structure is primarily a result of the Rapier Acquisition and the following transactions:

- i) On September 2, 2016, the Company entered in to an arrangement agreement to acquire 100% of the issued and outstanding shares of 1070900 BC Ltd. ("1070900"), in exchange for shares of the Company which would result in a reverse take-over of the Company by the shareholders of 1070900 (the "Transaction"). As 1070900 is deemed to be the accounting acquirer for accounting purposes, its assets, liabilities and operations are included in the financial statements at their historical carrying values.

On October 21, 2016, the Transaction closed and the Company acquired, on a one for one basis, all issued and outstanding shares of 1070900 in exchange for 38,503,483 common shares of the Company.

Effective June 30, 2017, the Company completed the wind-up and dissolution of 1070900.

- ii) On July 5, 2016, 1070900 entered in to an agreement and plan of share exchange with GFG Resources (US) Inc. ("GFG-US") to acquire all the issued and outstanding shares of GFG-US in exchange for common shares of 1070900, on a one share for one share equivalent basis. This would result in a reverse take-over of 1070900 by the shareholders of GFG-US (the "Arrangement").

On August 24, 2016, the Arrangement closed and the shareholders of 1070900 received 21,194,612 common shares of 1070900 for all the issued and outstanding shares of GFG-US. Out of 21,194,612 common shares of 1070900, 19,050,419 common shares were issued in exchange for all of GFG-US's issued and outstanding common shares on a one for one basis. In addition to the common shares exchanged, 2,144,193 additional shares were withheld, pending the receipt of clearance certificates from the U.S. Internal Revenue Service. In January 2017, the Company received the required clearance and issued 2,144,193 common shares effective March 7, 2017.

The shareholders of 1070900 also issued 875,000 stock options in exchange for all the issued and outstanding stock options of GFG-US.

On October 27, 2016, upon receiving final acceptance from the Exchange, Crest Petroleum Corp. changed its name to GFG Resources Inc. and began trading on the Exchange as a Tier 2 Mining Issuer under the symbol "GFG". Further, on December 12, 2016, the Company announced that it had also started trading on the OTCQB Venture Market in the U.S. under the symbol "GFGSF".

The Company's head office address is Suite 202 – 640 Broadway Avenue, Saskatoon, Saskatchewan, S7N 1A9. The Company's principal business activity is the exploration and acquisition of mineral properties.

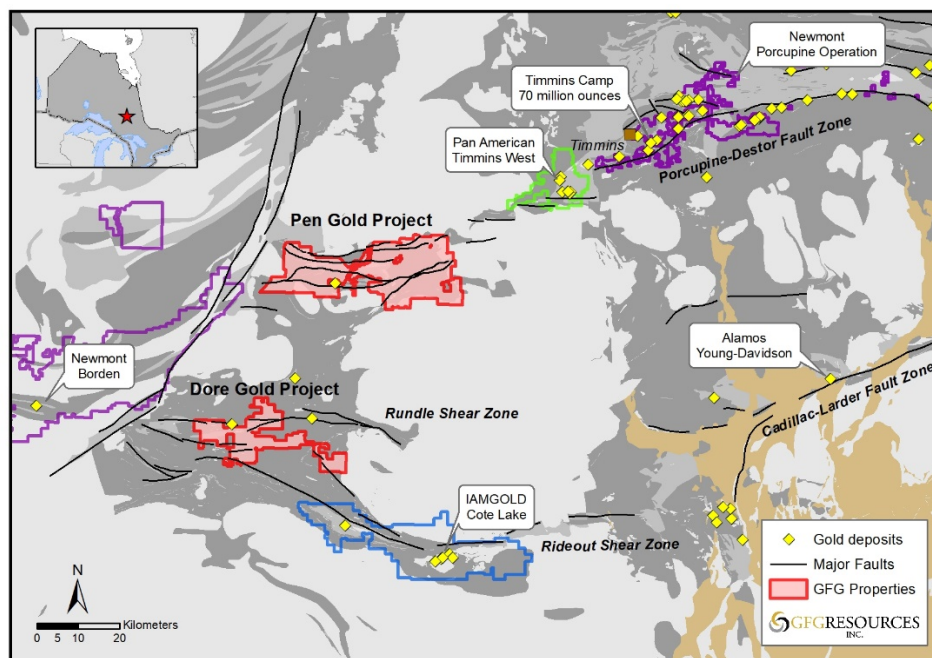
PROJECTS OVERVIEW AND EXPLORATION ACTIVITIES

Pen Gold and Dore Gold Properties Overview

Through four transactions and a staking program, GFG acquired and consolidated two large, highly prospective land packages west and southwest of Timmins, Ontario at the end of 2017 and in the first half of 2018 (see Figure 1). The northern consolidated land package, the Pen Gold Project, consisted of three transactions which included the West Porcupine property purchased from Probe, the Pen Gold property with the acquisition of Rapier, and the Sewell property purchased from Alamos. The southern consolidated land package, the Dore Gold Project, consists of the Swayze property acquired from Osisko, and land added through a regional staking program (see news releases dated [December 11, 2017](#), [February 28, 2018](#), [May 10, 2018](#) and [June 25, 2018](#)).

The Pen Gold and Dore Gold projects host highly prospective geology in an underexplored area. Previous exploration work and drilling on the properties have identified several distinctive and prospective zones of gold mineralization and targets that will be the focus of upcoming exploration programs.

Figure 1: Pen and Dore Gold Property Locations West of Timmins, Ontario



Pen Gold Project Overview

The Pen Gold property is located 50 kilometres southwest of the prolific gold district and town of Timmins, Ontario (see Figure 1). The property represents a land package of approximately 475 square kilometres and is situated between Newmont's Borden Gold project and the Pan American Silver's West Timmins Mine. The property covers an approximately 45-kilometre-long section of Archean greenstone that contains the interpreted western extension of the Porcupine-Destor Fault Zone ("PDFZ") within the same geological setting that hosts most of the gold deposits found in the Timmins Gold Camp.

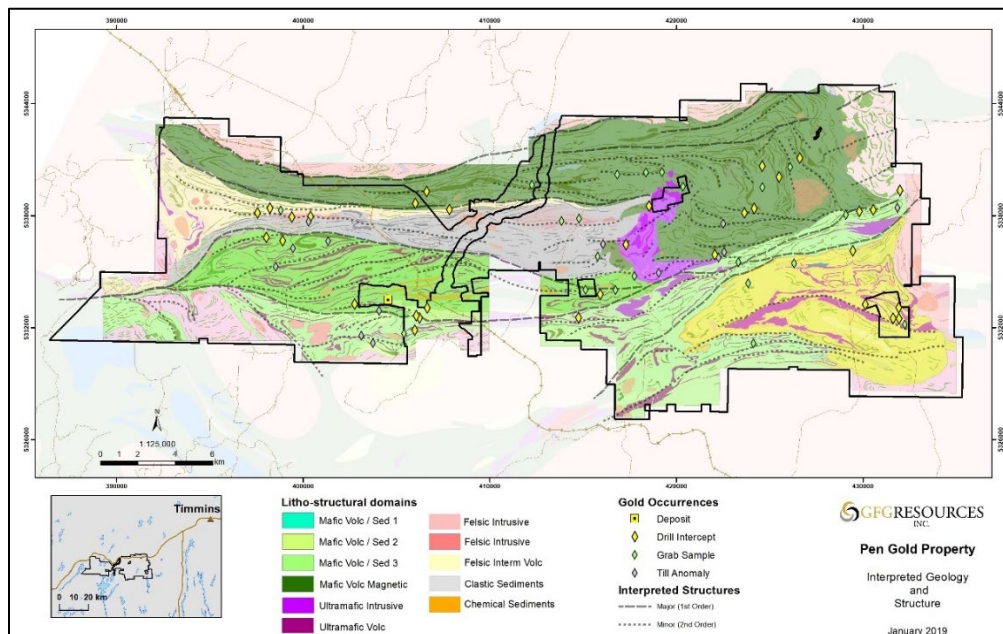
Geology

The Pen Gold Project is located in the Archean Superior Province of Northern Ontario. The Archean Superior Province is host to a variety of lithologies which range in age from 3.5 Ga to less than 2.76 Ga and form an east-west trending pattern of alternating terranes. It is divided into numerous subprovinces, bounded by linear faults and characterized by differing lithologies, structural/tectonic conditions, ages and metamorphic conditions.

The Abitibi Subprovince is a volcano-plutonic terrane comprising low metamorphic grade metavolcanic-metasedimentary belts. It contains lithologically diverse metavolcanic rocks with various intrusive suites and to a lesser extent chemical and clastic metasedimentary rocks. The individual greenstone belts within the Subprovince have been intruded, deformed and truncated by felsic batholiths. The east trending Abitibi and Swayze greenstone belts of the Abitibi Subprovince have historically been explored and mined for a variety of commodities.

The Pen Gold Project lies within the Abitibi Subprovince, proximal to its western boundary with the Kapuskasing Structural Zone and the Ivanhoe Lake Cataclastic Zone. It is situated at the northern limit of the Swayze Greenstone Belt and is thought to be the western extension of the Abitibi Greenstone Belt (see Figure 2).

Figure 2: Pen Gold Property Outline and Regional Geology Map



Dore Gold Project Overview

The Dore Gold Project is located 40 kilometres east of Newmont's Borden Gold project and 30 kilometres northwest of IAMGOLD's Cote Lake gold project in Ontario. The land package consists of approximately 205 square kilometres and covers a 12-kilometre-long section of Archean greenstone within the Swayze Greenstone Belt (see Figure 1).

Geology

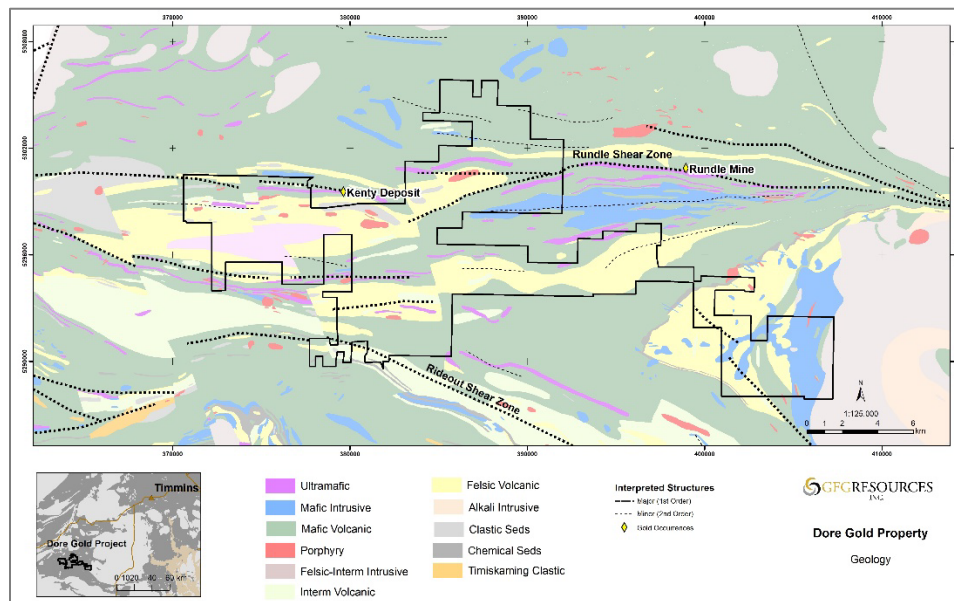
The Dore Project is located within the central part of the Swayze Greenstone Belt (see Figure 3) that is part of the western extension of the Abitibi Subprovince, a Neo-Archean granitoid-greenstone belt. This greenstone belt is bounded and transected by major faults and large batholiths including the Kapuskasing Fault, the PDFZ, the Rideout Fault, the Kenogamissi batholith, and the Nat River and Ramsey granitoid complexes.

The Dore Gold property covers mafic and felsic volcanic packages along the Rundle Fault Zone and is located only a few kilometers north of the Rideout Fault Zone that hosts the Cote Lake gold deposit.

The western limit and central zone of the Dore Gold property is located within the Bret Lake synform, which is composed mainly of metasedimentary rocks and metavolcanic flows from the Swayze-Dore stratigraphic package. The rocks are a mixed group of felsic to intermediate pyroclastic and volcaniclastic rocks intercalated with epiclastic metasedimentary rocks of the Swayze series. Irregular feldspar-quartz porphyry stocks, dykes, and sills, and medium to coarse-grained diorite-gabbro intrude all rocks within the supra-crustal sequences. Northwest striking diabase dikes intrude all older lithologies. Known gold mineralization described for this area is related with shear zones; porphyritic intrusions, and quartz-carbonate-sericite veins with associated carbonatization, silicification, chloritization, and potassic alteration.

The eastern-most claims of the property package cover the central section of the Bret Lake synform at the contact with a large intrusive center that include dioritic and syenitic marginal intrusive phases. Quartz-carbonate-sericite gold mineralization is reported in close special relationship with the intrusive rocks.

Figure 3: Dore Gold Project Geology Map



2018 Exploration Program

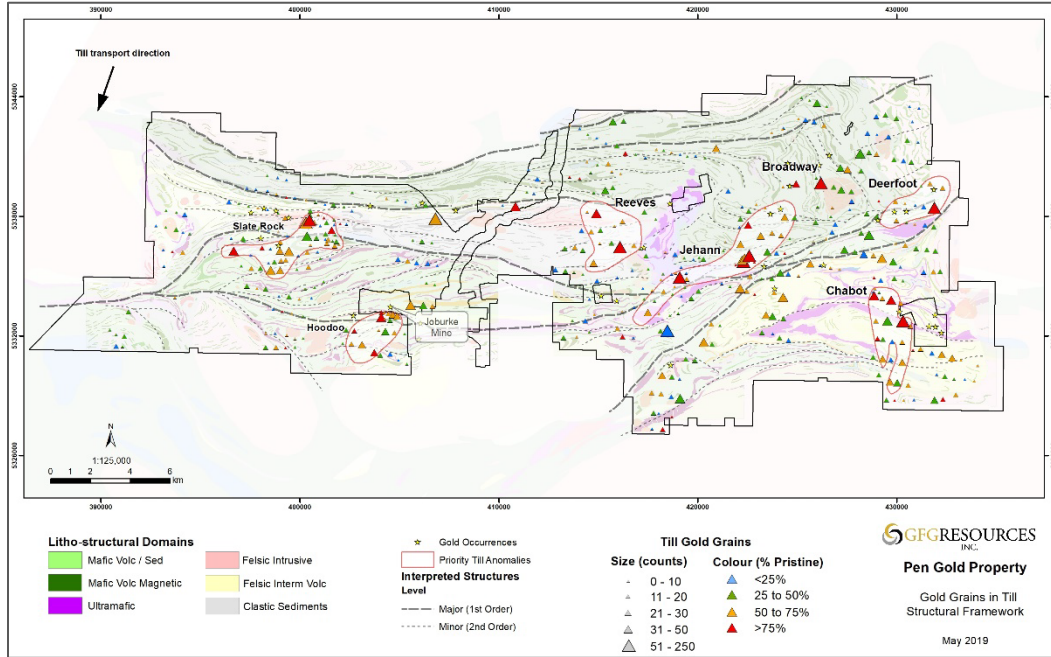
The Company employed a systematic belt-scale approach to exploration and targeting on the highly prospective Pen Gold and Dore Gold properties. The 2018 program was aligned with the overall objective to drill test multiple high priority targets that are prospective for high-grade gold mineralization. The 2018 exploration program included airborne and ground geophysics, till sampling, prospecting, mapping, and 4,744 m of diamond drilling. The majority of the 2018 program and all drilling focused on the Pen Gold Project. In addition, LIDAR airborne survey and data compilation was completed to advance the Dore Gold Project to better define drill targets for future drill programs.

As a first step, the Company completed a high-resolution helicopter-borne magnetic survey (9,850 line-kilometres on 50-metre line spacing) over a large portion of Pen Gold property in March. The new magnetic survey, combined with existing data, now provides complete coverage of the property. A property-wide structural model has been constructed from this new data to trace the main deformation zones and prospective second-order structures.

With the structural model and targets in hand, the Company completed a regional till sampling program on the Pen Gold property. Results from the two till sampling programs have outlined six priority regional till anomalies returning up to 2,470 ppb gold and 220 gold grains (see Figure 4). For many of the samples with anomalous gold grain counts, the majority of the grains are pristine-shaped indicating the gold was likely transported less than one kilometre from the bedrock source. The total number of gold grains reported and aerial extent of the anomalies further confirms the district endowment and prospectivity. Of the 467 sites sampled to date, from across the 475 square kilometre property, 70 till samples have values that exceed regional background of 20 gold grains. These anomalous samples are grouped into seven regional target areas: Jehann, Reeves, Deerfoot, Chabot, Slate Rock, Hoodoo and Broadway (see Figure 4). (see news releases [“GFG Outlines 5 Priority Targets from Regional Till Sampling Program at the Pen Gold Project Near Timmins, ON”](#) and [“GFG Expands and Identifies New Gold Anomalies and Completes Phase 1 Drill Program at the Pen Gold Project West of Timmins, ON”](#)).

The Company also completed two detailed, IP surveys covering the Reeves and Deerfoot regions for a total of 112 line-kilometres. The IP data was used in combination with detailed airborne magnetic data, a structural model of the district, till geochemistry and an extensive surface rock sampling dataset to refine and prioritize drill targets.

Figure 4: Overview Map of Regional Till Sampling Results



2018 Drill Program

During the fourth quarter of 2018, the Company completed its inaugural Phase 1 drill program which consisted of 4,744 m in 18 holes ranging in depth from 150 to 500 m (see Table 1 and news releases [“GFG Drills 33.77 g/t Gold over 1.05 Metres at Pen Gold Project West of Timmins, ON”](#) and [“GFG Discovers New Gold Zone with 21.26 g/t Gold over 1.7 Metres at Pen Gold Project West of Timmins, ON”](#)). The program was designed to test six targets distributed across a 20-kilometre segment in the eastern portion of the Pen Gold Project (see Figures 5-7). The drill program successfully intercepted several zones of high-grade gold and discovered a new gold zone at the Crawford target from hole PEN-18-016 which intersected 21.26 g/t Au over 1.7 m at 100 m depth. The new mineralized zone is located 500 m west of the HGM occurrence in the Deerfoot regional target (see Figures 6 and 7). These targets were generated from the integration of historic and new data sets from the Company’s 2018 exploration program. Based on these results, follow-up drilling is warranted on the Crawford, Nib-Yellowknife and Sewell targets.

Figure 5: 2018 Regional Drill Targets

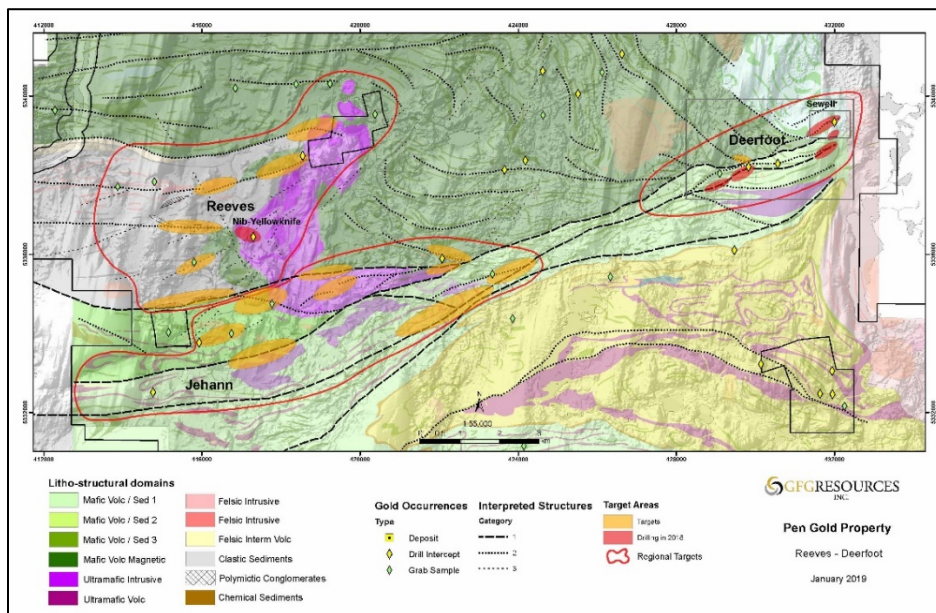


Table 1: Highlighted 2018 Drill Results from Pen Gold Project

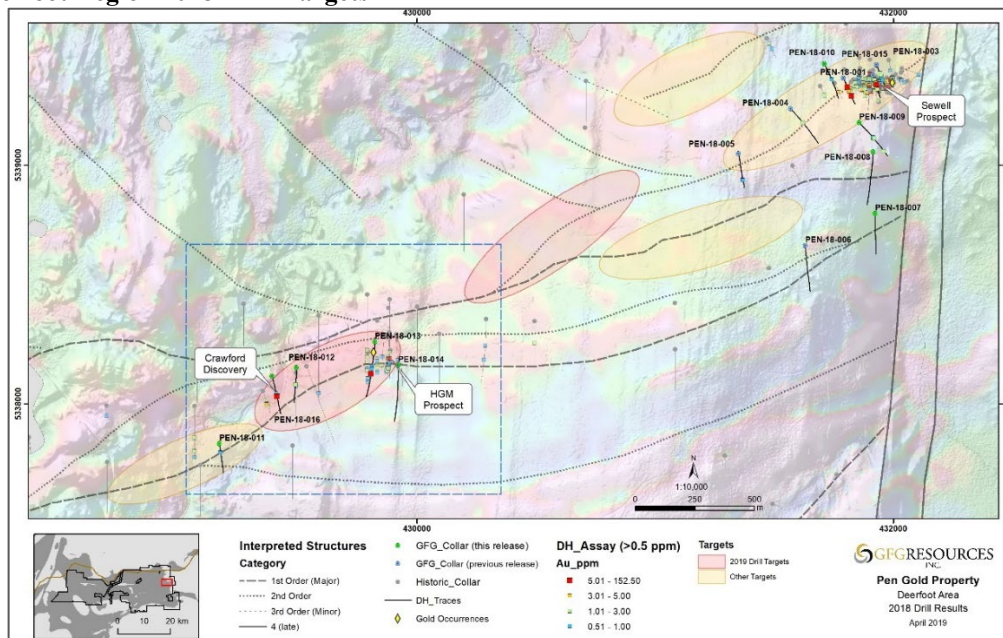
Hole ID	From (m)	To (m)	Length (m)	Au (g/t)	Target
PEN-18-001	61.2	66.7	5.6	3.57	Sewell
<i>incl</i>	61.2	63.0	1.9	7.44	
and	86.6	87.6	1.0	4.20	
and	92.9	93.3	0.4	1.87	
and	123.9	124.7	0.8	14.70	
and	126.9	128.0	1.1	0.75	
PEN-18-013	136.3	137.3	1.0	0.73	HGM
and	151.1	152.0	1.0	0.60	
and	178.6	179.5	0.9	9.20	
PEN-18-015	27.0	29.5	2.5	0.78	Sewell
and	48.0	52.0	4.0	0.77	
and	60.0	61.0	1.1	33.77	
<i>incl</i>	60.5	61.0	0.6	63.88	
and	87.5	88.4	0.9	1.96	
PEN-18-016	118.0	119.0	1.0	0.80	Crawford
and	138.4	140.0	1.7	21.26	
<i>incl</i>	138.4	139.2	0.9	39.70	
and	143.0	144.2	1.2	1.20	
PEN-18-017	65.4	68.0	2.6	0.55	Nib-Yellowknife
and	157.2	159.0	1.8	0.63	
and	250.5	257.5	7.0	0.89	

*Gold intervals reported in the above table are at 0.5 g/t cut-off and included intervals at 3.0 g/t cut-off. Weighted averaging has been used to calculate all reported intervals. True widths are estimated at 80-100% of drilled thickness.

Figure 6: Crawford Cross Section



Figure 7: Deerfoot Region 2018 Drill Targets



Drill Results Commentary

PEN-18-001 tested the western extension of the Sewell system intercepting three distinct mineralized zones hosted in variably-deformed pyroxenite horizons within an intrusive complex composed of predominantly diorite and cut by numerous syenite dikes. The upper zone returned 7.44 g/t Au over 1.9 m within a broader interval that returned 3.57 g/t Au over 5.6 m at a downhole depth of 61.1 to 66.7 m. Gold mineralization is hosted within a strongly-sheared, altered and quartz-veined structure and associated with 2 to 7% disseminated and blebby pyrite. A second structure returned 4.20 g/t Au over 1.0 m from 86.6 to 87.6 m associated with strong quartz-calcite veining and flooding and 15% disseminated pyrite. Further downhole, a third zone of mineralization returned 14.70 g/t Au over 0.8 m associated with quartz-veining and stockwork, 1 to 3% pyrite and fine-grained visible gold.

PEN-18-013 targeted the westward extension of the HGM occurrence within the central portion of the Deerfoot region where historic drilling returned 43.00 g/t Au over 1.5 m. The step-out hole returned 9.20 g/t Au over 0.9 m in altered, deformed and sulphidized mafic volcanics at a depth of 80 m below surface (see Figure 7). This intercept confirms that the mineralized zone at HGM is open to the west at shallow depths. Re-logging of drill core from several historic holes is underway to provide a better understanding of the controls on gold mineralization at this prospect and to guide future drilling in the area.

PEN-18-015 was drilled into the core of the Sewell system to confirm historic drill results and provide detailed structural information on the orientation and controls of gold mineralization. The hole intercepted four mineralized zones that are hosted within a package of variably-deformed pyroxenite and syenite dikes. High-grade gold mineralization of 33.77 g/t Au over 1.05 m was returned from a strongly-sheared, sericite-altered and quartz-veined interval at 60.0 m depth. Mineralization is associated with 1 to 3 % pyrite and chalcopyrite and fine-grained visible gold. This result validated the historic drilling down-dip that returned 7.63 g/t Au over 3.6 m including 33.46 g/t Au over 0.6 m.

PEN-18-016 targeted the continuation of the same deformation zone as PEN-18-013, 500 m to the west of the HGM prospect, where interpretation of IP resistivity and airborne magnetic data suggested increased lithologic and structural complexity. At 138.4 m down the hole, a zone of intense deformation and silica-sericite alteration was intersected on the contact between felsic porphyry and mafic volcanic stratigraphy (see Figures 6 and 7). This quartz-veined and sulphide-rich interval contained visible gold and returned 21.26 g/t Au over 1.7 m including 39.70 g/t Au over 0.9 m. In addition to gold mineralization, this interval was elevated in silver, bismuth, tellurium and zinc. A second zone of gold mineralization returned 1.20 g/t Au over 1.2 m from 143.0 m downhole. These intercepts mark a new discovery (Crawford) along a prospective segment of the PDFZ where limited historic drilling has been conducted.

The mineralized intercepts from Crawford and HGM are approximately two kilometres southwest of the Sewell prospect where the Company recently intersected high-grade gold mineralization of 33.77 g/t Au over 1.1 m, including 63.88 g/t Au over 0.6

m and 3.57 g/t Au over 5.6 m, including 7.44 g/t Au over 1.9 m; 4.20 g/t Au over 1.0 m and 14.70 g/t Au over 0.8 m. Within this gap between these targets there has been a limited amount of historic exploration due to extensive till cover. Through modern exploration techniques the Company believes this area to be highly prospective for gold mineralization and has outlined several priority targets to test in the Phase 2 2019 program (see Figure 7).

PEN-18-017 targeted the northeastern extension of shear veins exposed at the Nib-Yellowknife target within the Reeves region where historic grab samples returned up to 37.60 g/t Au in altered and quartz-veined diorite. Three distinct zones of alteration and deformation were encountered; two of which contained visible gold in quartz veins cutting carbonate-altered diorite. The lowermost zone, intersected from 250 m down the hole, contained up to 15% arsenopyrite and pyrrhotite and 20% quartz vein material, returned 0.89 g/t Au over 7.0 m (see Figure 6). In addition to gold, this interval was elevated in tungsten. While only low-grade gold mineralization was intersected, the occurrence of visible gold confirms the prospectivity of this deformation zone along the western margin of the Reeves ultramafic complex and follow-up drilling will be completed in this area.

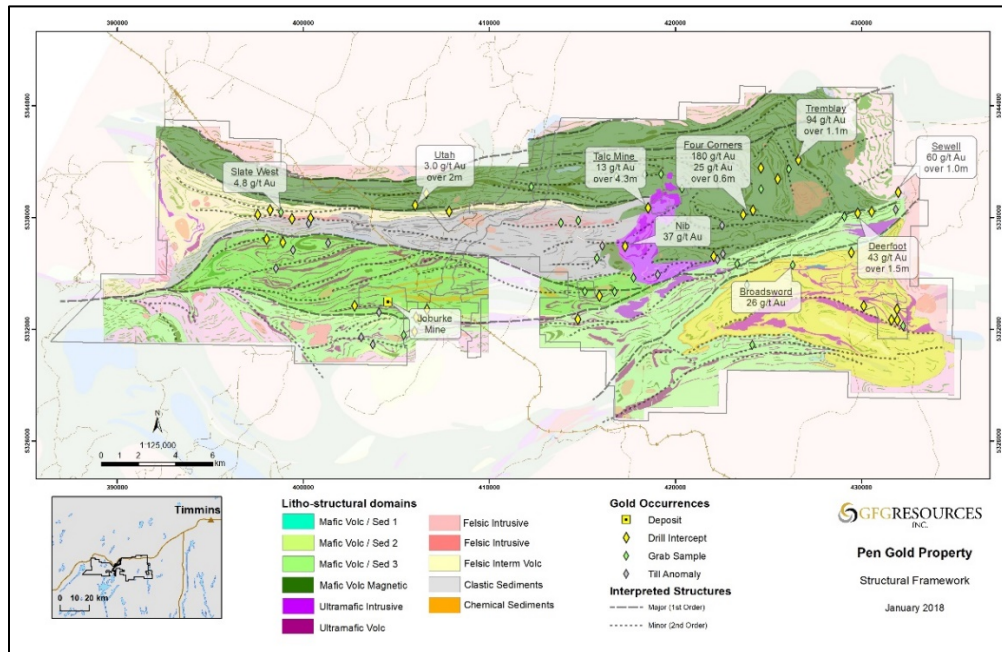
Previous Exploration Programs

Although there has been a significant amount of exploration work completed in and around the Timmins gold district, the Pen Gold and Dore Gold properties remain highly underexplored. The Pen Gold Project contains the interpreted western extension of the Porcupine-Destor and Pipestone Fault Zones with the same geological setting that hosts the majority of the gold deposits found in the Timmins gold district (see Figure 8). The Dore Gold Project contains several high strain zones including the extension of prospective Rundle Fault Zone that hosts gold mineralization at the Rundle gold mine eight kilometres east of the property.

Previous exploration programs in and around the Pen Gold and Dore Gold projects have demonstrated the presence of significant high-grade gold mineralization along the deformation corridors within and/or adjacent to both properties. Many of these intercepts have not seen any follow-up work and they remain to be interpreted in a regional context. Historical highlights include:

- Rapiér's 2013 intercept of 13.0 g/t Au over 4.3 m from quartz veining within a section of intensely carbonate-altered ultramafic rocks in the talc mine area of the Pen Gold property;
- Hemlo Gold Mines Ltd. intercept of 43.0 g/t Au over 1.5 m from quartz veins within a section of silicified and sulphidized mafic volcanic rocks within the Deerfoot Deformation Zone on the east portion the Pen Gold property. It has been interpreted that this structure is the extension of the PDFZ;
- The past producing Joburke gold mine, located only 300 m outside of the limits of the Pen Gold Project, has a historic non-compliant resource of 70,000 ounces at 7.0 g/t Au ⁽¹⁾. The deformation corridor hosting the Joburke gold mine continues onto the Pen Gold property and is considered highly prospective;
- The Kenty prospect, located only 500 m outside the limits of the Dore Gold property, is known for its very coarse-grained gold and has grab and trench samples with values up to 12.4 and 24.2 g/t Au. The structure that hosts this mineralization and that at the Rundle gold mine, extends onto the Dore Gold property and is also considered highly prospective; and
- Numerous regional gold showings with significant grab samples collected on both properties returned gold values up to 180 g/t.

Figure 8: Pen Gold Project Historic Exploration Highlights



⁽¹⁾ The reader is cautioned that the above referenced historic non-compliant resource is considered historical in nature and as such is based on prior data and reports prepared by previous property owners. The work necessary to verify the classification of this mineral resource estimate has not been completed and the resource estimate therefore cannot be treated as NI 43-101 compliant resource verified by a Qualified Person. The historical estimate should not be relied upon and there can be no assurance that any of the historical resources, in whole or in part, will ever become economically viable.

2019 Exploration Program

In 2019, the Company plans to drill approximately 8,000 m in two phases at the Pen Gold Project.

The Phase 1 drill program, which began in March and was completed in April, consisted of 4,400 m from 15 holes ranging in length from 150 to 300 m testing targets in the Reeves, Jehann and Slate Rock regions and one follow-up hole at the new Crawford discovery (see Figures 9 and 10). All but one of the drill targets have seen no historic drilling and were generated from the Company's 2018 systematic integration of geological, geochemical, structural and geophysical datasets.

The Phase 2 drill program will consist of approximately 3,500 m of drilling and is expected to begin in the third quarter of 2019.

Phase 1 Drill Targets

Jehann Region

The Company tested three targets in the 20-square-kilometre Jehann region during the first phase of the 2019 drill program. This geologically complex area contains multiple east-west trending shear zones, interpreted to be splays off the PDFZ (see Figure 9). Drilling began in the eastern Jehann area, where regional till samples returned 122 gold grains, of which >94% were pristine-shaped, indicating the gold was likely transported less than one kilometre from the bedrock source.

The second target that was tested within the Jehann region is located five kilometres to the west, where historic grab samples of quartz-carbonate veining in diorite and sediments returned values of up to 4.7 g/t Au. The veining occurs in highly-strained, sulphidized rocks displaying intense carbonate and silica alteration in an east to northeast-trending shear zone. No historic drilling has been documented in this area.

The third target occurs where north-trending altered mafic and ultramafic rocks are dragged into a first-order east-trending shear zone that dissects the Reeves Ultramafic Complex. Resistivity anomalies in this area are indicative of diorite or felsic porphyry intrusions which provide potential competency contrasts, increasing the likelihood of gold accumulation. Drilling in this area targeted the flanks of interpreted porphyry bodies at the intersection of north and east trending shear zones.

Reeves Region

The Company tested two targets within the Reeves region where extensive cover has hindered historic exploration (see Figure 9). The two targets are located on two distinct northeast to east-trending structural corridors that contain quartz-feldspar porphyry intrusions and deformed polymictic conglomerate horizons that are interpreted to be analogous to Timiskaming conglomerates that mark important mineralizing structures within the central Timmins gold camp.

The northern corridor contains shear zones that flank a large deformed quartz-feldspar porphyry intrusion displaying intense carbonate and local tourmaline alteration. The productivity of this structure is confirmed by historic surface grab samples which returned gold values up to 4.4 g/t Au. The planned drill holes tested the eastern limit of the porphyry body where it is disrupted by northwest trending structures and terminates in an area of no exposure.

Within the southern corridor, intensely carbonate-altered ultramafic horizons with elevated gold contents occur west of the Reeves Ultramafic Complex and adjacent to altered mafic-volcanic and conglomerate horizons. The prospectivity of this area is exemplified by historic surface grab samples at the Nib-Yellowknife showing which returned gold values up to 13.6 g/t Au and 37.6 g/t Au from north-east trending quartz-carbonate shears and east-northeast extensional veins. Drilling in this area focused on fold-nose and shear zone intersection models, and coincident chargeable and resistive features identified in the recently completed 110-line-kilometre IP survey.

Slate Rock Region

Geologically, the Slate Rock region consists of a package of sedimentary and felsic-mafic volcanic rocks intruded by numerous quartz-feldspar porphyry bodies, the largest of which can be traced in outcrop and as a magnetic high for over five kilometres in the western portion of the Pen Gold Project. Much of the area is covered by overburden and has seen limited to no drilling.

Elevated gold values (up to 1.0 g/t Au) occur in outcropping porphyry where it is sheared, veined and carbonate-sericite altered. Accompanying anomalous contents of bismuth, tellurium and tungsten in the gold mineralized samples are consistent with porphyry-related mineralization. Historic samples of glacially transported boulders returned up to 18 g/t Au. Till samples collected in 2018 confirm the regional prospectivity returning high percentages (up to 84%) of pristine shaped gold grains (up to 220 grains). Drilling in this area focused on the southern contact of the main porphyry body where magnetic and IP data indicate structural complexity and alteration, and where the porphyry attenuates in areas of high strain (see Figure 10).

Deerfoot Region

The Deerfoot region is centered on a four-kilometre trend of the interpreted westward extension of the PDFZ and associated second-order fault splays that has seen limited historic drilling (see Figure 9). The stratigraphy, structure and nature of mineralization are analogous to that which hosts the Timmins West, Thunder Creek and the 144 Gap gold deposits currently being mined or developed by Pan American Silver Corp. 15 kilometres to the northeast.

To date, three high grade gold prospects occur within the Deerfoot region: Crawford, HGM and Sewell. In 2018, the Company made a new discovery at the Crawford target (see news release ["GFG Discovers New Gold Zone with 21.26 g/t Au over 1.7 Metres at Pen Gold Project West of Timmins, ON"](#)). The Crawford discovery is located 500 m to the west of the HGM prospect, where interpretation of IP resistivity and airborne magnetic data suggested increased lithologic and structural complexity. At 138.4 m down the hole, a zone of intense deformation and silica-sericite alteration was intersected on the contact between felsic porphyry and mafic volcanic stratigraphy. This quartz-veined and sulphide-rich interval contained visible gold and returned 21.26 g/t Au over 1.7 m including 39.70 g/t Au over 0.9 m. In addition to gold mineralization, this interval was elevated in silver, bismuth, tellurium and zinc. A second zone of gold mineralization returned 1.20 g/t Au over 1.2 m from 143.0 m downhole. Recent drilling by the Company at the Sewell prospect confirmed the high-grade gold nature of the mineralization in this area returning intercepts of 33.8 g/t Au over 1.1 and 12.1 g/t Au over 0.9 m in deformed pyroxenite horizons within the Sewell intrusive complex (see news release ["GFG Drills 33.77 g/t Gold over 1.05 Metres at Pen Gold Project West of Timmins, ON"](#)). At the HGM prospect, in central Deerfoot, historic drill assays returned up to 43.0 g/t Au over 1.5 m in sulphidized carbonate-altered mafic volcanic rocks within a shear zone. Additional drilling at all three targets will be planned in future drill programs.

In the 2019 Phase 1 drill program the Company followed up on the Crawford discovery. Additional drilling is planned in the area between the HGM and Sewell prospects where new geophysical data has revealed several drill targets along the two-kilometre trend with no historic drilling and where overburden has hindered historic prospecting efforts.

Figure 9: 2019 Drill Targets: Reeves, Jehann and Deerfoot Regions

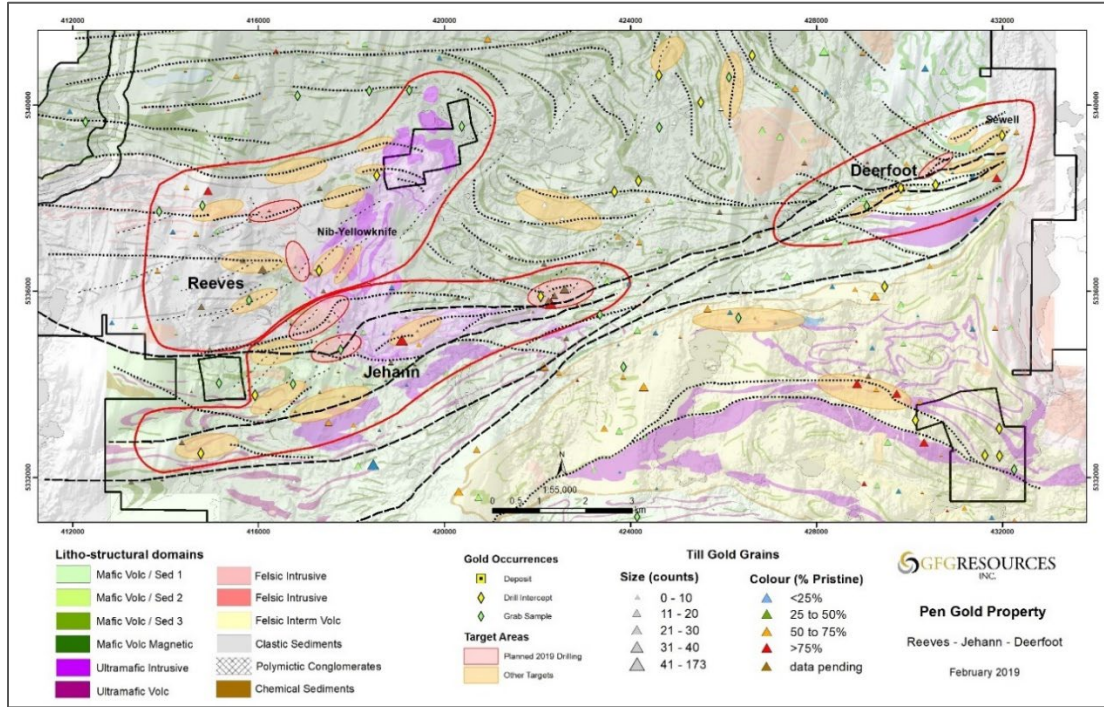
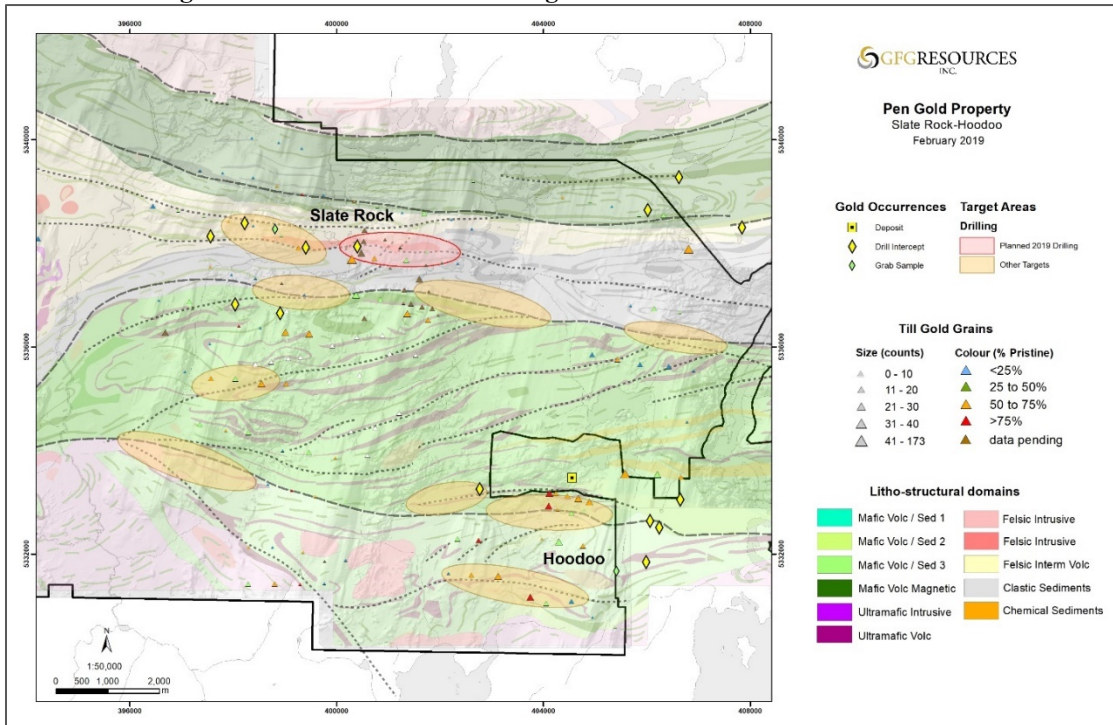


Figure 10: 2019 Drill Targets: Slate Rock and Hoodoo Region



Surface Exploration Programs

In addition to the 2019 drill programs, the Company will conduct additional regional till sampling, ground geophysics, prospecting and mapping.

Following a successful regional till sampling program in 2018, the Company will conduct a Phase 3 program designed to

increase sample density in the anomalous areas and to expand regional coverage over other priority areas where no sampling has been completed.

The 2019 exploration program will also involve intensive prospecting of extensions to known mineralized trends and specifically along prospective structures that are coincident with newly identified and underexplored regional till targets on the Pen Gold Project.

An IP survey will be conducted over the newly outlined Jehann region where till sampling results have returned highly pristine gold grain counts. The Jehann targets fit with the Company's geological model of the district and are located along major structural corridors including along the PDFZ, which hosts the majority of the gold deposits in the Timmins gold district.

Rattlesnake Hills Gold Project Overview

The Rattlesnake Hills Gold Project (the "RSH Project") is located in Central Wyoming approximately 100 kilometres southwest of Casper on the western side of Natrona County (see Figures 11 and 12). The RSH Project encompasses the Rattlesnake Hills Gold District, nearly in its entirety, and is considered a district scale gold exploration play which comprises 1,573 unpatented lode mining claims as well as eight Wyoming State mining leases covering an area of approximately 30,400 acres. The RSH Project is controlled 100% by GFG. On September 10, 2018, GFG signed an option and earn-in agreement whereby Newcrest has the right to acquire, in multiple stages, up to 75% of the RSH Project by completing a series of exploration and development expenditures and making staged option cash payments to GFG. (see news release ["GFG Signs Option and Earn-In Agreement with Newcrest to Advance the Rattlesnake Hills Gold Project"](#)).

The RSH Project location is close to infrastructure such as paved roads, power and water. Also, the Wyoming business climate is considered productive and is one of the best places to do business. The Wyoming economy is primarily driven by the mineral resource sector. The State is the leader in coal, uranium, trona and bentonite production in the US. Additionally, the State is also a key producer of natural gas and oil.

The RSH Project has the geologic setting, alteration and mineralization similar to other gold deposits of the Rocky Mountain alkaline province which, collectively, have produced over 50 million ounces of gold.

Figure 11: Rattlesnake Hills Gold Project Location

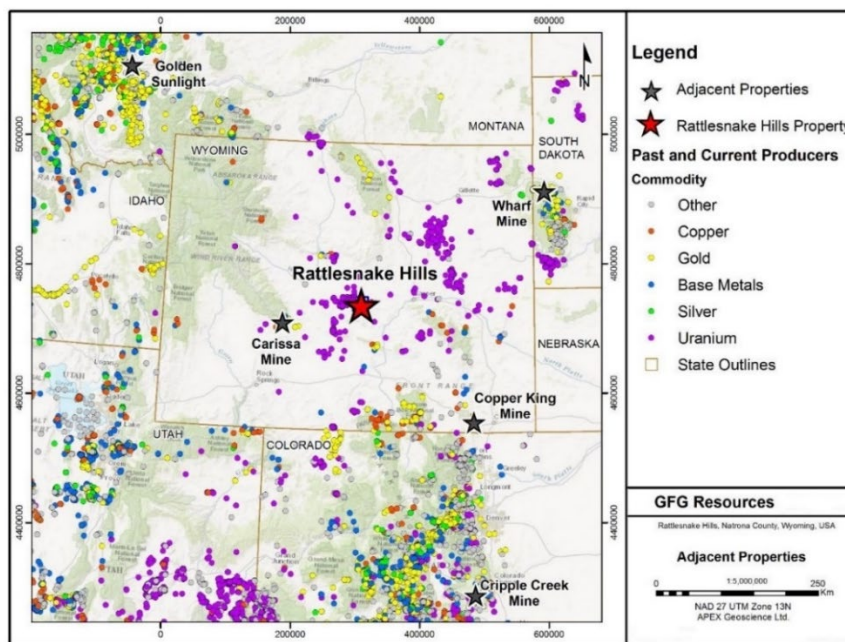
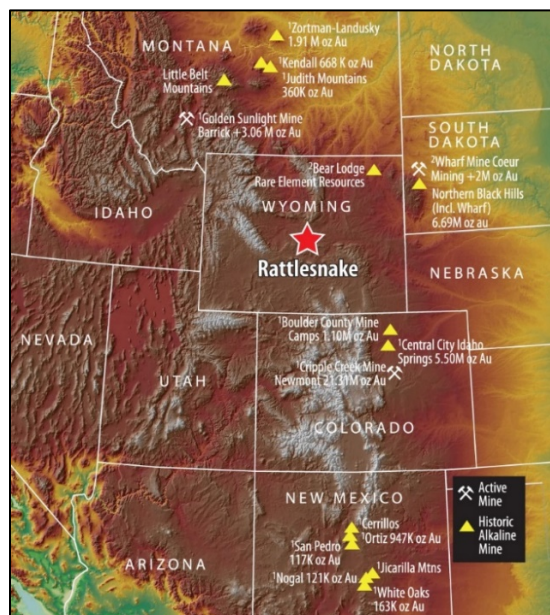


Figure 12: Rattlesnake Hills Gold Project Location Within Rocky Mountain Alkaline Province



The RSH Project is centrally located within a roughly 1,500-kilometre-long belt of alkalic intrusive complexes that occur along the eastern side of the Rocky Mountains from Montana to New Mexico, several of which are associated with multiple gold deposits. Examples of such deposits analogous to the RSH Project, with transitional epithermal to porphyry styles of precious metal mineralization, include Cripple Creek Mine, CO, Wharf Mine, SD and Golden Sunlight Mine, MT (Jensen and Barton, 2000).

Table 2: Comparing Similar Deposit Characteristics: Cripple Creek to Rattlesnake Hills Gold Project

Characteristic	Cripple Creek	Rattlesnake Hills
Qtz poor alt/min	✓	✓
Voluminous K & Carb altn	✓	✓
Minor acid altn	✓	✓
Fluorite	✓	✓
Roscoelite	✓	✓
Peripheral propylitic altn	✓	✓
Multiple magmatic events	✓	✓
Multiple hydrothermal events	✓	✓
Lithologic contacts as fluid paths	✓	✓
Te rich minerals	✓	TBD
Tetrahedrite	✓	✓
Sulphosalts	✓	✓
Barite	✓	✓
Structure	✓	✓
High Au/Ag	✓	✓
High Au/base metals	✓	✓

Within the RSH Project, three significant zones of alteration and precious metal mineralization have been identified that are associated with Eocene age alkalic intrusions at North Stock, Antelope Basin and Blackjack. All three zones have been drilled and broad zones of low-grade gold mineralization, as well as narrow discrete zones of high-grade gold mineralization have been intersected. A brief description and selected drill highlights of the three zones of mineralization are presented below.

North Stock

Precious metal mineralization at North Stock is hosted in breccia, phonolite and schist and has been defined by historic drilling in a broad, 100 m by 300 m tabular mineralized zone, extending over 500 m deep. The area between Antelope Basin and North Stock, where previous drilling intersected significant gold intervals in broadly spaced holes, demonstrates the possible link between the two deposits. Highlights from historic drilling at North Stock include 1.85 g/t Au over 236.2 m core length (Hole RSC-007), 1.58 g/t Au over 216.4 m core length (Hole RSC-132) and 9.73 g/t Au over 55.7 m core length (Hole RSC-020). The system remains open to the north, west and south toward the Antelope Basin deposit and may also remain open to the east.

Table 3: Selected North Stock Drilling Highlights

Hole	From (m)	To (m)	Length (m)*	Au (g/t)
RSC-003	205.74	240.79	35.05	4.79
RSC-007	108.20	344.36	236.16	1.85
RSC-020	143.26	198.91	55.66	9.73
<i>Incl.</i>	160.02	176.78	16.76	26.21
<i>Incl.</i>	170.69	172.21	1.52	122.00
RSC-039	25.91	176.78	150.88	2.08
<i>Incl.</i>	103.63	106.68	3.05	12.95
RSC-089	83.82	213.36	129.54	2.08
RSC-089	216.41	243.84	27.43	7.85
RSC-089	278.89	286.51	7.62	10.65
<i>Incl.</i>	228.60	230.12	1.52	82.90
RSC-093	134.11	163.07	28.96	5.21
RSC-122	155.45	228.60	73.15	1.78
RSC-123	83.82	163.07	79.25	1.49
RSC-126	196.60	256.03	59.44	2.58
RSC-130	170.69	205.74	35.05	3.95
RSC-132	112.78	329.18	216.41	1.58
<i>Incl.</i>	137.16	140.21	3.05	17.96
RSC-135	83.82	160.02	76.20	4.68
<i>Incl.</i>	144.78	147.83	3.05	45.30
RSC-136	222.50	263.65	41.15	3.10
RSC-141	30.48	172.21	141.73	1.90
RSC-144	91.44	147.83	56.39	2.09
RSC-144	205.74	251.46	45.72	3.23
RSC-145	137.16	192.02	54.86	3.20
RSC-145	204.22	281.94	77.72	4.20
RSC-145	239.27	240.79	1.52	128.00
<i>Incl.</i>	143.26	147.83	4.57	15.67

*Length (m) is core length

Antelope Basin

The mineralization at Antelope Basin is hosted by a quartz monzodiorite dike and remains open along strike to the northeast, east and to the southwest. These possible extensions will be prioritized and tested with future exploration programs. Historic drilling at Antelope Basin demonstrates broad zones of low grade, as well as narrow discrete zones of high-grade gold and silver mineralization. Mineralization at Antelope Basin has been defined over an area of 200 m by 350 m and to a depth of 200 m. Highlights from historic drilling at Antelope Basin include 1.91 g/t Au over 76.2 m core length (Hole RSC-042), 1.21 g/t Au over 97.5 m core length (Hole RSC-019) and 1.6 g/t Au over 77.7 m core length (Hole RSC-078).

Table 4: Selected Antelope Basin Drilling Highlights

Hole	From (m)	To (m)	Length (m)*	Au (g/t)
RSC-001	169.16	182.88	13.72	2.69
RSC-019	83.82	181.36	97.54	1.21
<i>Incl.</i>	167.64	169.16	1.52	9.35
RSC-042	147.83	224.03	76.20	1.91
<i>Incl.</i>	185.93	187.45	1.52	11.80

RSC-045	12.19	48.77	36.58	1.44
RSC-047	97.54	170.69	73.15	1.26
<i>Incl.</i>	167.64	169.16	1.52	6.71
RSC-051	243.84	280.42	36.58	1.33
RSC-078	173.74	251.46	77.72	1.63
<i>Incl.</i>	216.41	217.93	1.52	7.48
RSC-087	166.12	204.22	38.10	1.34
RSC-099	77.72	143.26	65.53	1.76
RSC-100	196.60	271.27	74.68	1.21
<i>Incl.</i>	245.36	246.89	1.53	6.26
RSC-153	143.26	160.02	16.76	2.97
RSC-153	111.25	120.40	9.14	2.28
RSC-153	164.59	195.07	30.48	2.09
RSC-155	134.11	187.45	53.34	1.25
RSC-180	199.64	202.69	3.05	9.30

*Length (m) is core length

Blackjack

Precious metal mineralization at Blackjack is more typical of a low sulphidation epithermal system and is hosted within a rhyolite breccia emplaced along the North Granite Mountain Fault zone and within the underlying Precambrian granite and gneiss. The Blackjack target has had a limited amount of drilling with highlights including 1.33 g/t Au over 33.5 m core length from surface (Hole NVJ-001) and 0.74 g/t Au over 13.7 m (RC Hole NVJ-008). The Blackjack mineralization remains open at depth, down-dip and along strike.

Table 5: Blackjack Drilling Results

Hole	From (m)	To (m)	Length (m)	Au (g/t)
NVJ-001	0.00	33.53	33.53	1.33
<i>Incl.</i>	18.28	19.81	1.53	3.55
NVJ-001	42.67	57.91	15.24	0.55
NVJ-001	97.54	129.54	32.00	0.54
NVJ-002	0.00	4.57	4.57	0.53
NVJ-003	0.00	6.10	6.10	0.67
NVJ-004	0.00	6.10	6.10	0.37
NVJ-005	45.72	48.77	3.05	0.83
NVJ-005	51.82	56.39	4.57	0.79
NVJ-007	111.25	118.87	7.62	1.07
NVJ-008	68.58	82.30	13.72	0.74

*Length (m) is core length

2018 Exploration Program

Following the announced option and earn-in agreement with Newcrest, the Company initiated a drill program at the RSH Project on October 10, 2018 (see news release [“GFG and Newcrest Initiate Drill Program at Rattlesnake Hills Gold Project, Wyoming”](#)) The 2018 drill program was designed to drill approximately 3,000 m with the objective to test the concept that a bulk-tonnage, porphyry-style system may underlie the shallower, diatreme-hosted gold mineralization at the North Stock deposit.

There have been a limited number of historic drill holes testing a porphyry model at depth. A review of these holes combined with new geophysical interpretations and modeling suggest the system may be underlain by a mineralized porphyry. The deepest holes from previous drilling, RSC-027, RSC-111.1, RSC-118.1 and RSC-137 all intersected zones of gold mineralization that may be intrusive hosted as well as strong potassic alteration. In particular, hole RSC-027 intercepted 2.49 g/t Au over 22.9 m in heterolithic breccia and feldspar porphyry dykes from approximately 707.1 to 730.0 m depth. These

results are significant as gold grades in heterolithic breccia ranged as high as 7.20 g/t Au and gold grades in feldspar porphyry ranged as high as 3.12 g/t Au. In addition, the intercepts exhibit anomalous molybdenum with potassic alteration in feldspar porphyry dykes. This is an important geochemical pathfinder and may indicate proximity to a source porphyry.

Due to winter conditions, GFG and Newcrest elected to suspend the drilling at the beginning of November 2018. The Company completed approximately 1,000 m of drilling in two drill holes. The drill holes did not reach their intended target depth and were left open for completion in 2019 (see news release [“GFG and Newcrest Complete 2018 Drill Program at Rattlesnake Hills Gold Project, Wyoming”](#)).

2017 Drill Program Outline

In June 2017, the Company outlined a significant exploration program at the RSH Project. The US\$3.7 million exploration program consisted of additional soil and rock sampling and 46 holes or 13,783 m of drilling focused on four brownfield targets and four greenfield targets. Drilling began in early July and was completed by the end of November 2017.

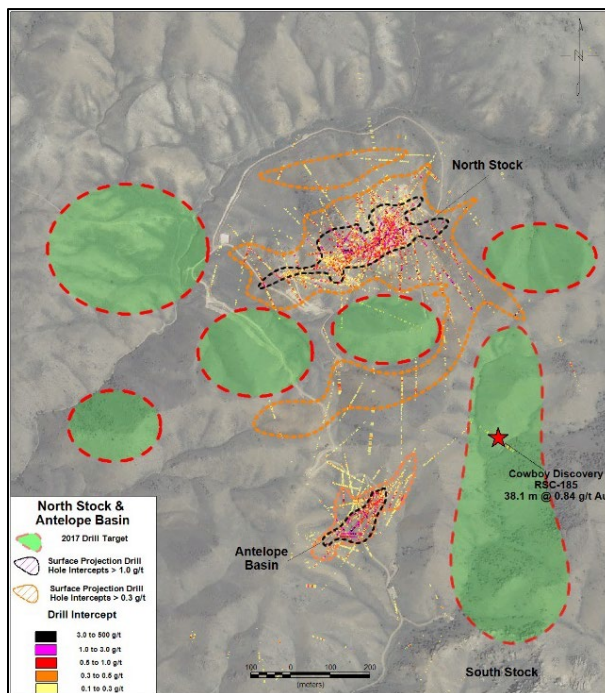
Brownfield Exploration

The majority of the 2017 exploration program (approximately 10,000 m or 35 holes) focused on brownfield targets proximal to the North Stock and Antelope Basin deposits and at the Blackjack target.

North Stock and Antelope Basin

Drilling around the North Stock and Antelope Basin deposits, outlined in Figure 13, was designed to test extensions of the known mineralization, including the area between the two deposits where previous intercepts demonstrate the potential to link North Stock and Antelope Basin. Drilling also tested the western extension of the North Stock deposit across a modelled northwest-oriented fault system as well as the eastern extension where historic drilling intercepted heterolithic breccia.

Figure 13: Drill Target Areas at North Stock and Antelope Basin Region

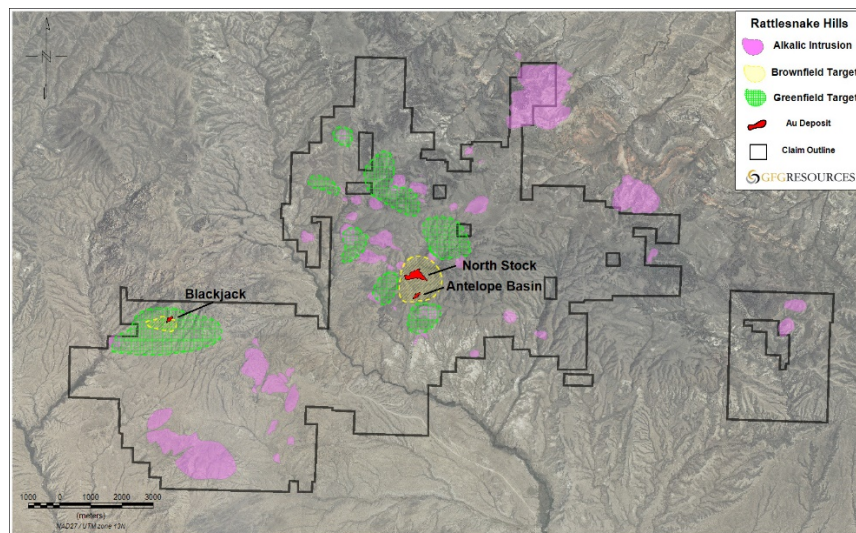


Greenfield Exploration

The Company has outlined over 30 greenfield targets and in 2017, prioritized four targets to drill test. These targets were generated from historic and recent geophysical and geochemical programs. Results from the 2016 VTEM survey highlighted several anomalies that are interpreted to be structures, several of which were previously unknown. This type of geophysical survey and interpretation was successfully applied in the Cripple Creek Mining District. The greenfield program consisted of approximately 4,000 m or 10 holes, testing multiple targets that are located west of North Stock (MGT and Pronghorn), northwest of North Stock (44) and southwest and southeast of the Blackjack area. These target areas are considered greenfield

and have no historic drilling. Figure 14 outlines the location of the prioritized greenfield targets the Company focused on in 2017.

Figure 14: Regional Map Outlining Greenfield Targets

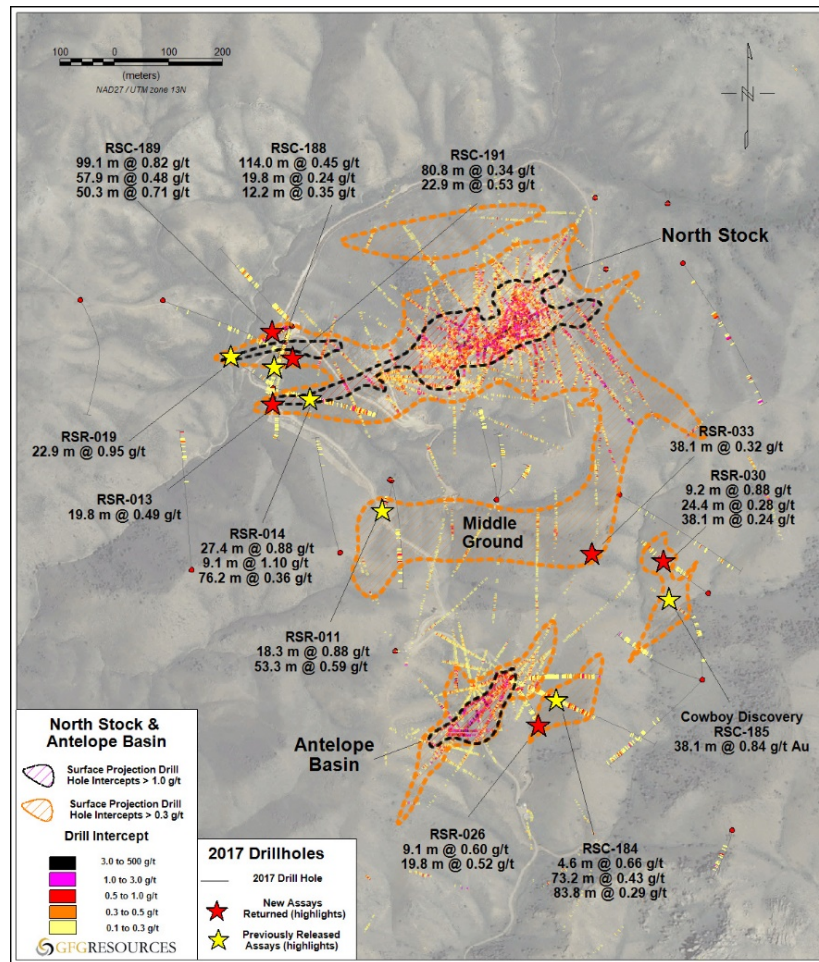


Results from the 2017 Exploration Program

On February 5, 2018, the Company announced the completion of the 2017 program and released all drill assays from the program (see Figure 15). The key highlights from the program include:

- Step-out drilling significantly expanded the western strike extension at North Stock by 175 m with hole RSC-189 which intersected three broad zones of mineralization including 0.82 g/t Au over 99.1 m, 0.48 g/t Au over 57.9 m and 0.71 g/t Au over 50.3 m.
- Extended gold mineralization at Antelope Basin 200 m to the east towards the Cowboy target with an intercept of 0.43 g/t Au over 73.2 m, including 0.61 g/t Au over 36.6 m in hole RSC-184 and 0.52 g/t Au over 19.8 m and 0.60 g/t Au over 9.1 m in hole RSR-026.
- Drill hole RSR-030 extended the discovery at the Cowboy target to the north by 75 m with an intercept of 0.88 g/t Au over 9.2 m.
- Intercepted broad intervals of gold mineralization in the Middle Ground (RSR-011: 0.88 g/t Au over 18.3 m and 0.59 g/t Au over 53.3 m) between North Stock and Antelope Basin demonstrating the potential to link the two deposits and outline a system that is approximately 1.1 kilometres in length.

Figure 15: Plan Map of North Stock and Antelope Basin 2017 Drill Results and Historic Drill Highlights



Drill Results Commentary

North Stock

Step-out drilling on the west side of North Stock returned the most significant assay results from the 2017 program. Drilling expanded the North Stock deposit by 175 m and is highlighted by newly released hole RSC-189 that returned 0.82 g/t Au over 99.1 m, including 1.30 g/t Au over 54.9 m, 0.48 g/t Au over 57.9 m and 0.71 g/t Au over 50.3 m outlining a broad zone of mineralization over a core length of approximately 360 m. Mineralization in hole RSC-189 starts at a vertical depth of approximately 35 metres below surface. Previously released holes RSC-188 (0.45 g/t Au over 114.0 m) and RSR-019 (0.95 g/t Au over 22.9 m, including 5.07 g/t Au over 3.1 m) also demonstrate grade continuity within this extension. These results are significant as they successfully tested the breccia zone adjacent to North Stock as well as the contact between the diatreme breccia and the schist. Core logging indicates that strongly potassically-altered heterolithic breccias and mineralized phonolite intrusive contacts are hosting the highest-grade mineralization.

Additional drilling around the North Stock deposit in 2017 focused on expanding gold mineralization to the southwest. Results from hole RSR-013 (0.49 g/t Au over 19.8 m) and hole RSR-014 (0.88 g/t Au over 27.4 m and 0.36 g/t Au over 76.2 m) successfully extended gold mineralization by 150 m.

The North Stock area remains prospective for gold mineralization to the west and southwest and warrants further drill testing.

Middle Ground

The Middle Ground area, between North Stock and Antelope Basin, continues to be an area of interest as drilling has outlined a thick zone of gently west-dipping mineralization. The results suggest the potential to link the two deposits over a distance of nearly 1.1 kilometres. Highlights from this area include previously reported RSR-011 (0.59 g/t Au over 53.3 m, including 0.70 g/t Au over 25.9 m) and new results from RSR-033 (0.32 g/t Au over 38.1 m). Future drilling is warranted for this area with a goal to prove continuity of mineralization between Antelope Basin, North Stock and the western extension of the North Stock deposit.

Antelope Basin & Cowboy Target

The drill program at Antelope Basin was focused on testing the east flank of the deposit and a potential linkage with the 2016 Cowboy discovery. A total of three holes were drilled on the east side of Antelope Basin and five holes to follow-up on hole RSC-185 (0.84 g/t Au over 38.1 m). Each of the three holes drilled toward the east of the Antelope Basin intersected thick zones of gold mineralization with the best hole, RSC-184, returning an intercept of 0.43 g/t Au over 73.2 m, including 0.61 g/t Au over 36.6 m. Hole RSR-026 returned 0.60 g/t Au over 9.1 m and 0.52 g/t Au over 19.8 m before being lost in a mineralized fault zone. These results are significant as they intersected a broad zone of mineralization, hosted in brecciated Precambrian schist, that extends nearly 200 m east of the quartz monzodiorite dike that hosts gold mineralization at Antelope Basin. Furthermore, drilling to date and modelling indicate a potential link to the Cowboy target, 230 m to the northeast.

To the northeast at the Cowboy target, five holes were completed with RSR-030 returning 0.88 g/t Au over 9.2 m, 0.28 g/t Au over 24.4 m and 0.24 g/t Au over 38.1 m, extending the Cowboy target 75 m northeast from the discovery hole RSC-185. Mineralization in this area is associated with potassically-altered, igneous and heterolithic breccia and feldspar porphyry dikes.

Further drilling is warranted to evaluate both the eastern flank of Antelope Basin and the potential continuity with the Cowboy target.

Blackjack

The drill program at Blackjack was designed to test an extensive soil anomaly and several geophysical anomalies. Results from the drilling beneath the soil anomaly were encouraging as holes BJR-001 (0.51 g/t Au over 10.7 m) and BJR-005 (0.79 g/t Au over 18.3 m) indicate mineralization remains open to the west. Hole BJR-002 (0.20 g/t Au over 27.4 m) targeted the east side of the soil anomaly, intersected lower grade material but demonstrated the system remains open towards the east as well.

Greenfield Targets

Several greenfield targets were tested including McDougal Gulch, Pronghorn, West 44, North 44 and around the Blackjack area. While the drilling intersected interesting geologic features, results did not return economic intercepts. The Company has several other greenfield targets and will prioritize the West Baldy and STP targets to test in the future.

RESULTS OF OPERATIONS

Change in Functional and Presentation Currency

The functional currency of the Company and its subsidiaries are determined using the currency of the primary economic environment in which they operate. Up to February 27, 2018, the Company's functional currency was the U.S. dollar ("USD"). Effective February 28, 2018, in connection with the closing of the Rapier Acquisition, the Company reassessed its functional currency and determined it to be Canadian dollars ("CAD"). The change in the functional currency was accounted for on a prospective basis, with no impact of this change on the prior year comparative information.

To better reflect the Company's business activities the Company has elected to change its presentation currency from USD to CAD. The Company applied the change to CAD presentation currency retrospectively and restated the comparative information as if the new presentation currency had always been the Company's presentation currency. For the comparative consolidated financial statements, all assets and liabilities have been converted to CAD at the rate prevailing at the end of the reporting period. Income, expense and equity transactions are converted at the date of the transaction or at the average exchange rate for the period depending on the nature of the underlying transaction. The resulting exchange difference has been reflected in other comprehensive income.

Net loss

For the three months ended March 31, 2019, the Company incurred a Net loss of \$213,680, or \$0.00 per share, which included \$90,774 in non-cash share-based compensation which was more than offset by a \$237,751 non-cash gain on the derecognition of the Flow-through share premium. This compares to the comparative period's Net loss of \$685,345, or \$0.01 per share, which included \$140,424 in non-cash share-based compensation offset by a \$106,888 non-cash gain on the derecognition of the Flow-through share premium.

For the nine months ended March 31, 2019, the Company incurred a Net loss of \$581,166, or \$0.01 per share, which included \$331,729 in non-cash share-based compensation which was more than offset by a \$688,651 non-cash gain on the derecognition of the Flow-through share premium. This compares to the comparative period's Net loss of \$1,980,829, or \$0.03 per share, which included \$509,036 in non-cash share-based compensation offset by the \$106,888 non-cash gain on the derecognition of the Flow-through share premium.

Expenses

For the three months ended March 31, 2019, the Company incurred expenses of \$346,605 prior to non-cash share-based compensation of \$90,774. This compares to the comparative period's expenses of \$460,828 prior to non-cash share-based compensation of \$140,424.

For the nine months ended March 31, 2019, the Company incurred expenses of \$1,018,736 prior to non-cash share-based compensation of \$331,729. This compares to the comparative period's expense of \$1,523,609 prior to non-cash share-based compensation of \$509,036.

The quarter over quarter and year to date results were positively impacted by the cash optimization strategy initiated last year combined with certain overhead costs being recoverable pursuant to the terms of the JV Agreement with Newcrest.

Significant expense variations, period over period, are described below:

- Consulting fees were relatively unchanged quarter over quarter and decreased by \$155,005 for the nine months ended March 31, 2019 versus the nine months ended March 31, 2018. The significant decrease was due to fewer corporate advisory fees incurred during the second quarter of this fiscal year;
- For the quarter ended March 31, 2019, Directors' fees fell by 50% to \$18,161 from \$36,419 for the quarter ended March 31, 2018. For the nine months ended March 31, 2019 versus the comparable period last year, Directors' fees fell by \$75,085. This decrease was a result of a cash optimization strategy where Directors elected to receive half of their retainer fees in stock options. In addition, the comparative period includes Special Committee fees paid relating to the Rapier Acquisition;
- Investor relations expenditures decreased by \$14,358, quarter over quarter, and decreased by \$55,503 to \$323,067 from the \$378,570 reported for the nine months ended March 31, 2018. These results are due to changes in marketing strategy during the first quarter 2019;
- For the three months ended March 31, 2019, Professional fees decreased by 83% to \$7,006 versus the \$41,651 reported during the comparative quarter of 2018. For the nine months ended March 31, 2019 they decreased by 49% to \$59,073 versus the \$116,416 reported for the same period last year. This was due primarily to lower corporate activity during the three and nine months ended March 31, 2019;
- Rent decreased by \$27,992, or 61%, quarter over quarter and decreased by \$78,172, or 52%, for the first nine months of 2019 over last year's comparable period. This is due to these costs being recovered pursuant to the joint venture with Newcrest;
- Share-based compensation decreased during the current quarter to \$90,774 compared to \$140,424 for the same comparative period in 2018. Share-based compensation for the first nine months of this year fell by \$177,307 versus last year's comparable period. The decrease is due to the timing of expensing the estimated fair value of stock options and restricted share units ("RSUs") granted in prior periods; and
- Travel costs decreased by \$3,373 and \$34,382 for the three months and nine months ended March 31, 2019, respectively, versus the comparable period last year. This was primarily due to lower corporate activity requiring Management to travel and certain expenditures being recoverable pursuant to the joint venture with Newcrest.

Summary of Quarterly Results for the Last Eight Consecutive Quarters

Historical quarterly financial information derived from the Company's eight most recently completed quarters is as follows:

	Mar 31 2019	Dec 31 2018	Sept 30 2018	June 30 2018	Mar 31 2018	Dec 31 2017	Sept 30 2017	June 30 2017
Net loss	\$(213,680)	\$(73,108)	\$(294,378)	\$(330,712)	\$(685,345)	\$(492,133)	\$(803,351)	\$(507,894)
Net loss per share	\$0.00	\$0.00	\$0.00	\$0.00	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.01)
Total assets	\$30,440,444	\$31,002,452	\$28,436,117	\$28,850,932	\$29,556,401	\$22,507,972	\$12,939,700	\$12,936,368
Total liabilities	\$1,649,512	\$2,108,399	\$1,011,919	\$1,286,228	\$1,457,520	\$1,430,654	\$559,325	\$168,373

Generally, the Net loss has trended downward which is a result of reduced expenditures combined with the non-cash Recovery of premium on flow-through shares (see Note 12 to the condensed interim consolidated Financial Statements). Further, during the nine months ended March 31, 2019 certain expenditures were recovered pursuant to the JV Agreement with Newcrest.

Total assets increased during the quarter ended December 31, 2017, as a result of the acquisition of exploration and evaluation assets and the completion of a non-brokered private placement; the increase to Total assets for the three months ended March 31, 2018, was due to the Rapier Acquisition and the completion of a non-brokered private placement; Total assets increased again during the three months ended December 31, 2018, as a result of the non-brokered flow-through share financing. Total assets decreased during the quarter ended March 31, 2019 concurrently with the decrease in Total liabilities.

Total liabilities are higher at December 31, 2017 and March 31, 2018, as they relate to the transaction costs on the acquisition of exploration and evaluation assets and the non-brokered private placement. Total liabilities increased beginning December 31, 2017, due to the recording of a Flow-through share premium liability and were also higher at June 30, 2018 due to the recording of an Asset retirement obligation. For the three months ended December 31, 2018, Total liabilities also reflects a \$0.5 million payable pursuant to the JV Agreement with Newcrest.

LIQUIDITY AND CAPITAL RESOURCES

The Company has financed its operations to date through the issuance of common shares. The Company will continue to seek capital through various means including the issuance of equity. The Company has not pledged any of its assets as security for loans, or otherwise, and is not subject to any debt covenants.

The Company's liquidity and capital resources are as follows:

	March 31, 2019	June 30, 2018
Cash	\$2,890,060	\$4,248,770
Total current assets	\$3,092,845	\$4,528,065
Total current liabilities	\$1,342,656	\$985,825
Working capital	\$1,750,189	\$3,542,240

At March 31, 2019, the Company had cash of \$2,890,060 (June 30, 2018 - \$4,248,770) and working capital of \$1,750,189 (June 30, 2018 - \$3,542,240). The decrease in working capital was primarily a result of exploration expenditures incurred at the Pen and Dore Gold properties offset by funds received pursuant to the Newcrest JV Agreement. As the Company currently has no source of recurring income or operating cash flow to fund projected levels of exploration activity at the Pen and Dore gold properties and associated overhead costs, it is dependent upon equity financing. Accordingly, to ensure a cash balance sufficient to fund 2019 exploration opportunities, the Company completed a non-brokered private placement in December 2018 (see Note 15 to the condensed interim consolidated financial statements).

	March 31, 2019	March 31, 2018
Cash flow provided by (used in):		
Operating activities	\$(910,312)	\$(1,803,000)
Investing activities	\$(2,410,674)	\$(4,468,097)
Financing activities	1,962,276	6,476,227
Net increase (decrease) in cash	\$(1,358,710)	\$205,130
Cash, beginning of year	\$4,248,770	\$5,135,605
Cash, end of period	\$2,890,060	\$5,340,735

Operating Activities

During the nine months ended March 31, 2019, the Company's cash flow used in operating activities was \$910,312 (March 31, 2018 - \$1,803,000). This was primarily due to a decrease in cash flow from operations prior to changes in non-cash working capital items, a result of reduced general and administrative expenditures combined with certain expenditures being recovered pursuant to the JV Agreement with Newcrest, offset by changes in Accounts payable and accrued liabilities.

Investing Activities

Cash used in investing activities for the nine months ended March 31, 2019 was \$2,410,674 (March 31, 2018 - \$4,468,097). Expenditures for the first nine months of 2019 were comprised of an equipment purchase of \$4,700 and exploration expenditures, primarily at the Pen and Dore Gold projects, of \$2,405,974 (\$3,037,945 net of non-cash transactions of \$631,971).

The Company incurred the following Exploration and evaluation assets expenditures during the nine months ended March 31, 2019 and year ended June 30, 2018:

	Wyoming Rattlesnake	Ontario Pen & Dore	Total
	\$	\$	\$
Balance at June 30, 2018	10,970,851	12,628,484	23,599,335
Additions:			
Exploration expenses			
Claim maintenance fees	344,012	52,726	396,738
Consulting	125,027	1,157,102	1,282,129
Salaries and benefits	379,090	329,823	708,913
Management fees	131,742	-	131,742
Other	166,063	-	166,063
Drilling	589,484	812,261	1,401,745
Geophysics	-	513,885	513,885
Geochem	53,587	-	53,587
General field expenses	49,546	255,613	305,159
Travel and accommodation	44,202	-	44,202
	1,882,753	3,121,410	5,004,163
Recovery of Exploration and evaluation assets expenditures	(1,966,218)	-	(1,966,218)
	(83,465)	3,121,410	3,037,945
Balance at March 31, 2019	10,887,386	15,749,894	26,637,280

	Wyoming Rattlesnake	Ontario Pen & Dore	Total
	\$	\$	\$
Balance at June 30, 2017	6,889,671	-	6,889,671
Additions:			
Acquisition and staking costs	-	11,544,528	11,544,528
Exploration expenses			
Claim maintenance fees	604,736	24,411	629,147
Consulting	292,889	465,506	758,395
Salaries and benefits	564,589	70,616	635,205
Drilling	2,045,755	-	2,045,755
Geophysics	-	438,961	438,961
Geological	157	-	157
Geochem	473,252	-	473,252
General field expenses	44,735	84,462	129,197
Asset retirement obligation	300,403	-	300,403
	4,326,516	12,628,484	16,955,000
Foreign currency translation adjustment	(245,336)	-	(245,336)
	4,081,180	12,628,484	16,709,664
Balance at June 30, 2018	10,970,851	12,628,484	23,599,335

Included in the above table, for the nine months ended March 31, 2019, the Company incurred the following Exploration Expenditures pursuant to the JV Agreement which were fully recovered from Newcrest:

	Rattlesnake Hills JV
	\$
Balance at June 30, 2018	-
Additions:	
Exploration expenses	
Assays and sampling	52,105
Consulting	120,583
Drilling	589,484
Field supplies	36,618
General	166,063
Management fees	131,742
Salaries and benefits	251,179
Travel and accommodation	44,202
	1,391,976
Recovery of Exploration and evaluation assets expenditures	(1,391,976)
	-
Balance at March 31, 2019	-

Financing Activities/Share Issuances

For the nine months ended March 31, 2019, the Company completed the following transactions:

On December 27, 2018, the Company closed the second tranche of its non-brokered private placement with the issue of 2,240,000 flow-through common shares at a price of \$0.25 per share for gross proceeds of \$560,000. The Company is required to expend \$560,000 in qualifying Canadian Exploration Expenses, as defined in the Income Tax Act (Canada), prior to December 31, 2019.

On December 21, 2018, the Company closed the first tranche of its non-brokered private placement with the issue of 4,950,000 flow-through common shares at a price of \$0.29 per share for gross proceeds of \$1,435,500. The Company is required to expend \$1,435,500 in qualifying Canadian Exploration Expenses, as defined in the Income Tax Act (Canada), prior to December 31, 2019.

For the nine months ended March 31, 2018, the Company completed the following financing transactions:

On March 22, 2018, the Company issued 271,021 common shares with a fair value of \$110,223 for settlement of certain trade payables.

On February 28, 2018, the Company completed the plan of arrangement with Rapier pursuant to which GFG acquired all of the outstanding shares of Rapier (Notes 4 and 7). Concurrent with the completion of the Acquisition, the Company had the following common share issuances:

- Under the terms of the plan of arrangement, all of Rapier's issued and outstanding common shares were exchanged for 15,074,418 GFG common shares valued at \$0.42 per share for consideration of \$6,331,255;
- Upon completion of the Acquisition, 500,000 common shares with a fair value of \$210,000, were issued for advisory fees; and
- 301,671 common shares with a fair value of \$125,895 were issued to settle deferred share units owing to the directors of Rapier.

On January 11, 2018, the Company closed the second tranche of its private placement and issued of 5,490,000 units for gross proceeds of \$2,745,000, with each unit consisting of one common share and one-half of a common share purchase warrant. Each warrant, having an exercise price of \$0.75, expires on January 11, 2020. The fair value of the warrants was determined to be \$nil using the residual method.

On December 21, 2017, the Company purchased 100% of Probe's interest in the West Porcupine property in exchange for 6,477,883 common shares for total consideration of \$3,238,942 (Note 7).

On December 21, 2017, the Company purchased 100% interest in the Swayze property in exchange for 1,110,494 common shares for total consideration of \$566,351 (Note 7).

On December 21, 2017, the Company closed the first tranche of its private placement for gross proceeds of \$4,228,305. The Company issued 5,460,555 flow-through common shares at a price of \$0.55 per share for gross proceeds of \$3,003,305. The Company also issued 2,450,000 units at a price of \$0.50 per unit for gross proceeds of \$1,225,000, with each unit consisting of one common share and one-half of warrant. Each full warrant, having an exercise price of \$0.75, expires on December 21, 2019. The fair value of the warrants was determined to be \$nil using the residual method. The Company was required to expend \$3,003,305 in qualifying Canadian Exploration Expenses, as defined in the Income Tax Act (Canada), prior to December 31, 2018.

COMMITMENTS

The Company has entered in to four separate commercial lease agreements which have the following expected payments:

	\$
2019	67,411
2020	147,408
2021	67,466
2022	69,279
2023	23,395
Total	374,959

RELATED PARTY TRANSACTIONS

Summary of key management personnel compensation:

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Company's Board of Directors and corporate officers.

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018	Nine Months Ended March 31, 2019	Nine Months Ended March 31, 2018
	\$	\$	\$	\$
Exploration and evaluation assets expenditures	55,087	95,921	160,476	281,729
Salaries and benefits ⁽¹⁾	138,419	144,030	373,963	429,825
Director fees	18,161	36,419	54,450	129,535
Share-based compensation	86,765	134,719	320,288	490,479
	298,432	411,089	909,177	1,331,568

(1) Includes salaries and benefits reported within Investor relations.

Compensation of the Company's key management personnel includes salaries, non-cash benefits and board retainers. Executive officers and members of the board of directors may also participate in the stock option and RSU programs.

As at March 31, 2019 and 2018 no amounts were owing to the officers or directors of the Company.

OFF-BALANCE SHEET TRANSACTIONS

The Company does not have any off-balance sheet arrangements as at March 31, 2019, or as of the date of this report.

CRITICAL JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and 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. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to Exploration and evaluation asset valuation, share-based transactions, functional currency determination and income tax provisions.

ACCOUNTING STANDARD ISSUED NOT YET EFFECTIVE

New standard IFRS 16 "Leases"

This new standard replaces IAS 17 "Leases" and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted for entities that have adopted IFRS 15. While the Company is currently evaluating the impact this new guidance will have on its consolidated financial statements, the recognition of certain leases is expected to increase the assets and liabilities on the consolidated statements of financial position. However, the Company does not expect IFRS 16 to have a significant impact on the consolidated statements of financial position. The Company continues to assess the impact of the disclosure requirements under IFRS on the Company's consolidated financial statements.

PROPOSED TRANSACTIONS

Unless otherwise disclosed, the Company does not have any proposed transactions that have been approved by the Board of Directors. It continues to review and evaluate potential exploration properties.

RISKS & UNCERTAINTIES

The securities of the Company are highly speculative due to the present stage of the Company's business as well as the nature of the mineral exploration industry in general. The reader is cautioned that the following description of risks and uncertainties is not all-inclusive as it pertains to conditions currently known to management. There can be no guarantee or assurance that other factors will or will not adversely affect the Company.

Risks Inherent to Mineral Exploration

The Company is engaged in the business of acquiring and exploring mineral properties in the hope of locating economic deposits of minerals. The Company's property interests are in the exploration stage only and are without a known body of commercial ore. Accordingly, there is little likelihood that any profits will be generated in the short to medium term. Any profitability or cash flow in the future from the Company will be dependent upon locating an economic deposit of minerals. However, there can be no assurance, even if an economic deposit of minerals is located, that it can be commercially mined.

Financing/Dilution

The Company currently has no source of recurring income to fund projected levels of exploration activity and associated overhead costs. The Company is therefore dependent upon equity financing to fund its exploration plans. There can be no assurance that the Company will be able to obtain additional financing in the future on terms acceptable to the Company or at all. The inability to raise further funds through additional equity issuances or by other means, could result in delays or the indefinite postponement of planned exploration or, in certain circumstances, the loss of some or all of its property interests or cessation of all exploration activities. The occurrence of any of these events could have a material adverse effect upon the value of the Company's securities. If additional financing is raised by the issuance of additional common shares, holders of shares previously issued will suffer immediate dilution.

Title

Although the Company has exercised due diligence with respect to title to properties in which it has interests, there is no guarantee that title to the properties will not be challenged or impugned. The Company's mineral property interests may be subject to prior unregistered agreements or transfers or land claims, and title may be affected by undetected defects.

Commodity Prices

The market price of the Company's common shares, its financial results and its exploration activities may in the future be significantly adversely affected by declines in the price of gold.

Environment

Environmental legislation affects nearly all aspects of the Company's operations. Compliance with environmental legislation can require significant expenditures and failure to comply with environmental legislation may result in the imposition of fines and penalties, clean-up costs arising out of contaminated properties, damages and the loss of important permits. There can be no assurances that the Company will be at all times in compliance with all environmental regulations or that steps to achieve compliance would not materially adversely affect the Company. Environmental laws and regulations are evolving in all jurisdictions where the Company has activities. The Company is not able to determine the specific impact that future changes in environmental laws and regulations may have on the Company's operations and activities, and its resulting financial position; however, the Company anticipates that capital expenditures and operating expenses will increase in the future as a result of the implementation of new and increasingly strident environmental regulation. Further changes in environmental laws, new information on existing environmental conditions or other events, including legal proceedings based upon such conditions or an inability to obtain necessary permits, could require increased financial resources or compliance expenditures or otherwise have a material adverse effect on the Company.

Legal Proceedings

The nature of the Company's business may subject it to numerous regulatory investigations, claims, lawsuits, and other proceedings. The result of these legal proceedings cannot be predicted with certainty. There can be no assurances that these matters will not have a material adverse effect on the Company.

Foreign Currency Risk

The Company has operations in Canada and the United States subject to foreign currency fluctuations. The Company's operating expenses are incurred in Canadian and in United States dollars, and the fluctuation of the Canadian dollar in relation to United States dollar will have an impact upon the cash flows of the Company and may also affect the value of the Company's assets and the amount of shareholders' equity.

Key Management Personnel

The Company's success depends to a certain degree upon key members for its management. It is expected that these individuals will be a significant factor in the Company's growth and success. The loss of the service of members of the management team or certain key employees could have a material adverse effect on the Company.

Potential Conflicts of Interest

The directors and officers of the Company may serve as directors and/or officers of other public and private companies and may devote a portion of their time to manage other business interests. This may result in certain conflicts of interest. To the extent that such other companies may participate in ventures in which the Company is also participating, such directors and officers of the Company may have a conflict of interest in negotiating and reaching an agreement with respect to the extent of each company's participation. The laws of British Columbia and Saskatchewan, Canada, require the directors and officers to act honestly, in good faith, and in the best interests of the Company and its shareholders. However, in conflict of interest situations, directors and officers of the Company may owe the same duty to another company and will need to balance the competing obligations and liabilities of their actions.

Substantial Volatility of Share Price

In recent years, the securities markets have experienced a high level of price and volume volatility, and the securities of many junior companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. The price of the Company's common shares is also likely to be significantly affected by short-term changes in mineral prices or in the Company's financial condition or results of operations as reflected in its quarterly financial reports.

Competition

Significant and increasing competition exists for the limited number of mineral property acquisition opportunities available. As a result of this competition, some of which may be with large established mining companies with substantial capabilities and greater financial and technical resources than the Company, the Company may be unable to acquire additional attractive mineral properties on terms it considers acceptable.

FINANCIAL INSTRUMENT RISKS

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash and cash equivalents held in bank accounts. The Company has deposited the cash and cash equivalents with a high credit quality financial institution as determined by rating agencies. The risk of loss is low.

Liquidity Risk

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation. At March 31, 2019, the Company has working capital of \$1,750,189 which is sufficient to fund the 2019 Pen and Dore exploration program as well as administrative costs. To fund exploration activities beyond this, Management will have to arrange additional financing.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company is not exposed to significant market risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk, from time to time, on its cash balances. Surplus cash, if any, is placed on call with financial institutions and management actively negotiates favorable market related interest rates. The risk of loss is low.

Foreign Exchange Risk

Foreign exchange risk is the risk that fair value of future cash flows will fluctuate due to changes in foreign exchange rates.

The Company classifies its fair value measurements in accordance with the three-level fair value hierarchy as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The carrying value of cash, receivables, accounts payable and accrued liabilities and advances are approximate to their fair values due to their short-term nature.

Capital Management

The Company manages its capital to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern through the optimization of its capital structure. The capital structure consists of shareholders' equity. The basis for the Company's capital structure is dependent on the Company's expected business growth and changes in business environment. To maintain or adjust the capital structure, the Company may issue new shares through private placement, incur debt or return capital to shareholders.

DISCLOSURE OF DATA FOR OUTSTANDING COMMON SHARES, OPTIONS and RESTRICTED SHARE UNITS

As at March 31, 2019 and the date of this report, the Company had:

	March 31, 2019	Date of this report
Common shares	95,054,648	95,054,648
Warrants	5,039,500	4,006,000
Stock options	4,740,519	4,790,519
Restricted share units	600,000	600,000

The following table summarizes the period's warrants activities as follows:

	Nine Months Ended March 31, 2019		Year Ended June 30, 2018	
	Number of warrants	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Outstanding, beginning of period	7,620,625	0.73	-	-
Issued	-	-	3,970,000	0.75
Warrants issued pursuant to the Rapier Transaction	-	-	3,650,625	0.70
Expired	(2,581,125)	0.63	-	-
Outstanding, end of period	5,039,500	0.77	7,620,625	0.73

A summary of the warrants outstanding exercisable at March 31, 2019 is as follows:

Exercise Price	Number Outstanding	Expiry Date
\$		
0.87	1,033,500	April 27, 2019
0.67	36,000	June 29, 2019
0.75	1,225,000	December 21, 2019
0.75	2,745,000	January 11, 2020
	5,039,500	

The following table summarizes the period's stock options activities as follows:

	Nine Months Ended March 31, 2019		Year Ended June 30, 2018	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Outstanding, beginning of period	4,095,639	0.76	2,100,000	0.98
Stock options issued pursuant to the Rapier Transaction	-	-	878,250	0.99
Granted	1,433,130	0.195	1,282,389	0.40
Exercised/forfeited	(788,250)	0.75	(165,000)	1.98
Outstanding, end of period	4,740,519	0.59	4,095,639	0.76

A summary of the stock options outstanding and exercisable at March 31, 2019 is as follows:

Exercise Price	Number Outstanding	Number Exercisable	Expiry Date
\$			
US 0.25	100,000	100,000	August 1, 2020
US 0.25	75,000	75,000	January 4, 2021
US 0.25	125,000	125,000	September 1, 2021
0.33	457,389	257,389	April 2, 2023
0.405	675,000	225,000	March 2, 2023
0.58	75,000	25,000	September 29, 2022
1.09	1,800,000	1,433,333	March 17, 2022
0.195	1,433,130	150,625	February 27, 2024
	4,740,519	2,391,347	

A summary of RSUs outstanding and vested at March 31, 2019 is as follows:

	Number of Units
Outstanding at June 30, 2018	600,000
Granted	-
Outstanding at March 31, 2019	600,000
Vested at March 31, 2019	450,000

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The Company's Interim Consolidated Financial Statements and the other financial information included in this management report are the responsibility of the Company's management and have been examined and approved by the Board of Directors. The financial statements were prepared by management in accordance with IFRS and include certain amounts based on management's best estimates using careful judgment. The selection of accounting principles and methods is management's responsibility.

Management recognizes its responsibility for conducting the Company's affairs in a manner to comply with the requirements of applicable laws and established financial standards and principles, and for maintaining proper standards of conduct in its activities.

The Board of Directors supervises the financial statements and other financial information through its audit committee, which is comprised of at least a majority of independent directors.

This committee's role is to examine the financial statements and recommend that the Board of Directors approve them, to examine the internal control and information protection systems and all other matters relating to the Company's accounting and finances. In order to do so, the audit committee meets annually with the external auditors, with or without the Company's management, to review their respective audit plans and discuss the results of their examination. This committee is responsible for recommending the appointment of the external auditors or the renewal of their engagement.

Qualified Persons

Brian Skanderbeg, P.Geo. and M.Sc., President and CEO, is the Qualified Person for the information contained in this MD&A and is a Qualified Person within the meaning of National Instrument 43-101. Mr. Skanderbeg has reviewed the sampling and QA/QC procedures and results thereof as verification of the sampling data disclosed above and has approved the information contained in this MD&A.

Sampling and Quality Control for the Pen Gold Project

For the Pen Gold Project, till samples were collected from hand-dug pits by experienced samplers at depths up to 1 metre in a grid pattern with nominal spacing of 500 m by 1,000 m in areas of till cover. Geochemical samples (~2 kilograms) were sieved to minus 230 mesh and analyzed for gold and multi-element using an aqua regia digestion and ICP-ES/MS finish by Bureau Veritas Commodities Canada Ltd. in Vancouver in facilities accredited by the Standards Council of Canada. Gold grains were

separated from bulk till samples (~10 kilograms) at IOS Services Geoscientifiques Inc. using their ArtPhot optical recognition methodology. Composition of separated gold grains were confirmed using a Scanning Electron Microscope. Comparison of geochemical results with accepted values for inserted certified reference materials confirms the accuracy of gold concentration results.

Till is a transported surficial media produced during active glaciation that is affected by subsequent surficial process that may affect the gold content and lead to further transport. As such the occurrence of a gold anomaly in till is not conclusive evidence of a mineral deposit existing within the Property.

GFG drill core samples are being analyzed by Bureau Veritas Commodities Canada Ltd. Preparation of a 1-kilogram pulp and gold assay of a 50-gram aliquot by Pb collection fire assay with an Atomic Absorption Spectrometry finish (Package FA450) are being done in Timmins, Ontario. Samples assaying above 3 ppm Au are being routinely re-run using gravimetric finish (Package FA550). Mineralized zones containing visible gold will also be analyzed by screen metallic fire assay. Multi-element analysis for 59 other elements using a four-acid digestion and an ICP-MS finish (Package MA250) is being done in Vancouver, British Columbia. Quality control and assurance measures include the monitoring of results for inserted certified reference materials, coarse blanks and preparation duplicates of drill core.

Sampling protocol, quality control and assurance measures and geochemical results related to documented historic till, rock grab, and drill core samples have not been verified by the Qualified Person. However, the grades and locations of these samples have been cross referenced with available maps and reports and GFG believes them to be of reasonable accuracy.

Quality Analysis and Quality Control for the Rattlesnake Hills Gold Project

For the Rattlesnake Hills Gold Project, the quality analysis and quality control measures utilized by Evolving Gold Corp. in respect of the historical drilling data disclosed above included the following: drill hole intervals were weighted averages with each assay interval weighted according to the core length. Rigorous quality assurance and quality control procedures were implemented including routine insertion of internal standard reference materials, certified reference materials, blank material and duplicate samples from both crush and pulp material. Gold assays were completed by SGS Canada Inc. in Toronto, using a 30-gram charge, fire assay, with an ICP finish. SGS Canada laboratory in Toronto is ISO accredited.

RC and Core Drilling

Once core is extracted from the ground, it is placed in core boxes located on the drill pad. Core boxes are labeled and stacked on the drill site. Once or twice a day, the core is picked up by GFG personnel and transported to the Casper office. Once received at the office, the core is photographed, measured for RQD, logged, and sampled by a GFG geologist. Sample intervals are marked on the core and entered into the logging spreadsheet. Sample numbers are assigned, based upon the hole number and footage interval.

Following logging, the core is cut in half with a Husqvarna TS 510 core saw. The halved sample is placed within its respective sample bag, labeled with the sample number. The samples are stored in sample bins provided by the lab and stored at the Casper office. Lids are placed on each bin to cover the samples. The lid would be strapped to the bin to protect the samples and to maintain sample integrity.

The RC sample bags and chip trays were labeled prior to drilling of each hole and delivered to the drillers for sample collection by GFG personnel. Sample splitters attached to each drill rig were employed, in order to obtain a chip tray sample and assay lab sample. Sample numbers are assigned, based upon the hole number and footage interval. Samples were collected by the drillers' helpers, who also sealed the bags and placed each sample into a sample bin, located on the drill pad. Once the sample bin became full, or the hole was finished, the drill crew relocated the sample bin to their laydown area. At this point, a lid would be placed on the bin to cover the samples. The lid would be strapped to the bin to protect the samples and to maintain sample integrity.

Prior to shipment of drill samples, QA/QC samples are prepared and inserted into the sample sequence every 10 samples, alternating with a marble blank or a known standard.

GFG's database is maintained by EDM solutions, where data is exclusively accessed and uploaded by GFG personnel. After the drill hole is completely logged by the responsible geologist, the collar information, survey, log, and assays are uploaded into the database by the database geologist. Assays are imported directly from the Assay Certificates. The database utilizes built-in tools to evaluate the assay results for the blanks and standards.

OTHER MD&A REQUIREMENTS

Additional information relating to the Company may be found on the Company's website at www.gfgresources.com and on SEDAR at www.sedar.com.

This MD&A has been approved by the Board on May 13, 2019.