



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

Management's Discussion & Analysis

For the three and six months ended December 31, 2019 and 2018

FOR FURTHER INFORMATION PLEASE CONTACT:

Marc Lepage, Vice President, Business Development
GFG Resources Inc.
202 – 640 Broadway Avenue
Saskatoon, Saskatchewan
Canada S7N 1A9

Phone: (306) 931-0930
info@gfgresources.com
www.gfgresources.com

TRADING SYMBOLS:

TSX-V: GFG
OTCQB:GFGSF

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A"), dated as at February 13, 2020, is to assist readers in understanding GFG Resources Inc.'s ("GFG" or the "Company") financial and operating performance for the three and six months ended December 31, 2019 and 2018. This MD&A should be read in conjunction with the Company's condensed interim consolidated financial statements as at December 31, 2019 and the Company's June 30, 2019 and 2018 audited consolidated financial statements and related notes thereto which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, as well as the annual MD&A for the years ended June 30, 2019 and 2018.

The Board of Directors has approved the disclosure presented herein.

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.

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.

HIGHLIGHTS FOR THE CURRENT PERIOD AND OTHER SIGNIFICANT EVENTS

- January 16, 2020: Drill results announced at the Rattlesnake Hills Gold Project in Wyoming, US;
- January 8, 2020: Returned multiple zones of high-grade gold mineralization at the HGM target, Pen Gold Project;
- December 9, 2019: Identified new gold target with up to 7 grams of gold per tonne and expanded the Slate Rock Target at the Pen Gold Project;
- November 21, 2019: Began 6,500 metre drill program at the Pen Gold Project;
- November 19, 2019: Completed 3,900 metre drill program at Rattlesnake Hills Gold Project;
- October 29, 2019: Closed second tranche of private placement financing - C\$3.2 million gross proceeds raised;
- October 24, 2019: Closed first tranche of private placement financing;
- September 30, 2019: Announced a non-brokered private placement financing of up to C\$3.7 million.

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 claims, covering approximately 120 square kilometres, and 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)
- Cash payment of US\$100,000 - Minimum spend of US\$2.6M on exploration - GFG will manage & receive a 10% management fee	- To earn 51% - Cash payment of US\$500,000 - Spend US\$14M on exploration	- To earn 60% - Cash payment of US\$650,000 - Delivery of a PEA	- To earn 75% - Funding the lesser of: - 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 focus remains on the Pen Gold Project with a plan to drill approximately 4,000 metres by April 2020. The current drill program will test targets in the Slate Rock and Reeves regions and several targets within the Deerfoot region such as Sewell, HGM and Crawford, where the Company has recently returned high-grade gold results (see news releases: ["GFG Discovers New Gold Zone with 21.26 g/t Gold over 1.7 Metres at Pen Gold Project West of Timmins, ON"](#) and ["GFG Returns Multiple Zones of High-Grade Gold Mineralization at the HGM"](#)

[Target, Pen Gold Project West of Timmins, ON](#)”). In conjunction with the drill program, the Company plans to complete additional regional till and prospecting programs during the second and third quarters.

At the Rattlesnake Hills Gold Project in Wyoming, U.S., the Company, and its partner Newcrest, completed 3,900 metres of core drilling through its option and earn-in agreement (see news releases: “[GFG and Newcrest Complete Drill Program at Rattlesnake Hills Gold Project, Wyoming](#)” and “[GFG Announces Drill Results from the Rattlesnake Hills Gold Project in Wyoming, US](#)”). The drill program included two drill rigs that tested moderate to deep gold targets proximal to the North Stock deposit. Currently, the results are being evaluated and integrated in the geological model which also includes developing a plan to advance and prioritize the many drill-ready brownfield and greenfield targets across the property that remain to be tested. At December 31, 2019, Newcrest has met the 18-month Option Phase expenditure commitment of US\$2.6 million. In March, Newcrest is to provide notice to GFG if they will elect to move forward to Stage 1 of the Earn-in Phase.

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.

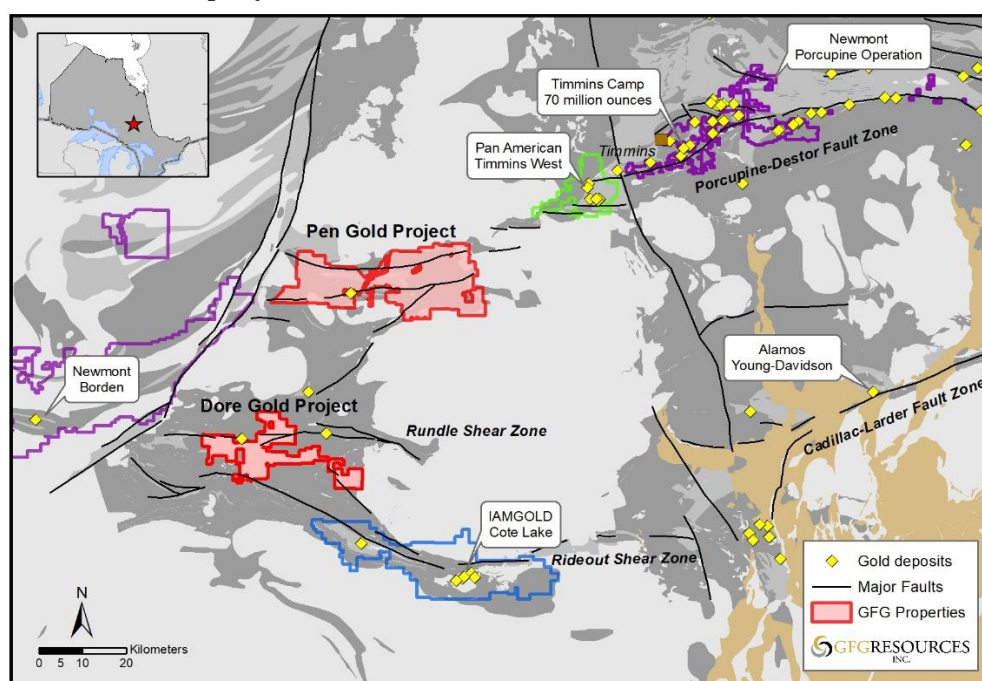
PROJECTS OVERVIEW AND EXPLORATION ACTIVITIES

Pen Gold and Dore Gold Properties Overview

Through four transactions and a series of staking programs, GFG acquired and consolidated two large, highly prospective land packages west and southwest of Timmins, Ontario (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 Timmins West 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

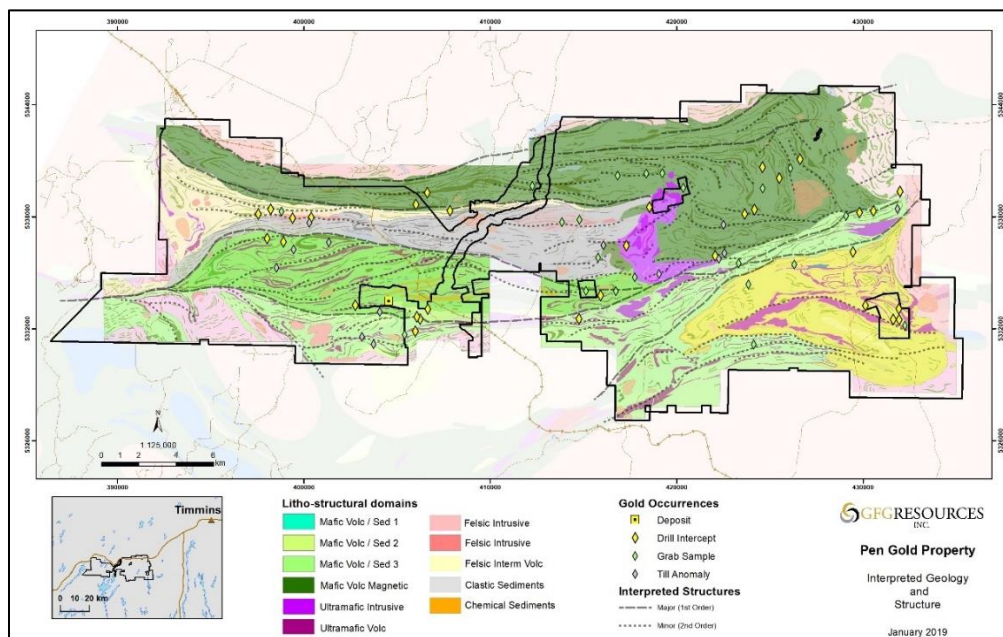
The Pen Gold Project is located in the Archean Superior Province of Northern Ontario. The Archean Superior Province is host to a variety of lithologies which range in age from 3.5 Ga to less than 2.76 Ga and form an east-west trending pattern of alternating terranes. It is divided into numerous subprovinces, 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 212 square kilometres and covers a 12-kilometre-long section of Archean greenstone within the Swayze Greenstone Belt (see Figure 1).

Geology

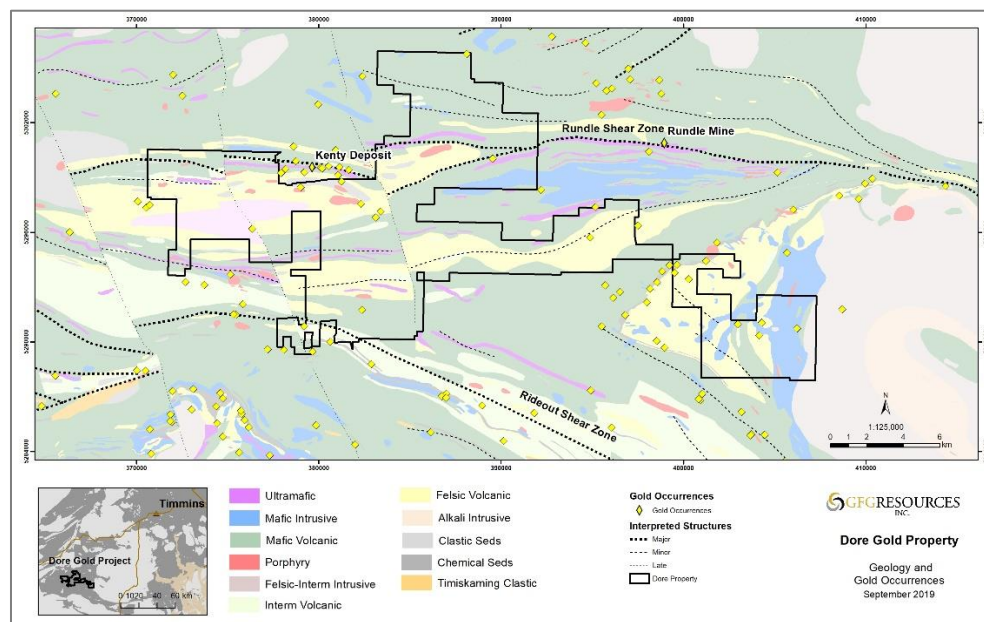
The Dore Project is located within the central part of the Swayze Greenstone Belt (see Figure 3) that is part of the western extension of the Abitibi Subprovince, a Neo-Archean granitoid-greenstone belt. This greenstone belt is bounded and transected by major faults and large batholiths including the 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 volcanoclastic 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.

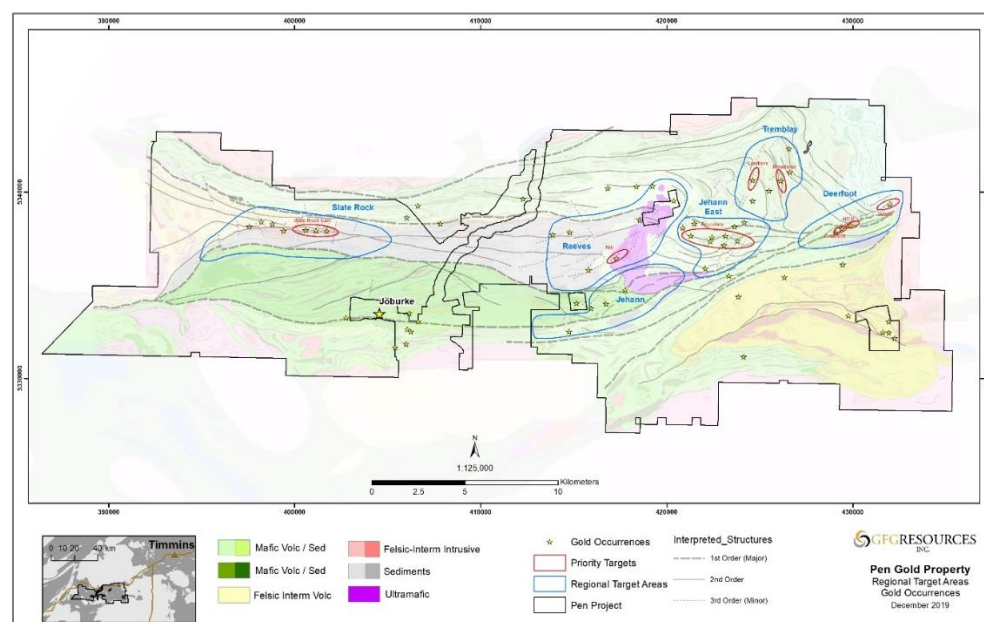
Figure 3: Dore Gold Project Geology Map



2019 Exploration Program

In 2019, the Company's exploration plan consisted of approximately 7,000 m of drilling in two phases, regional till sampling, prospecting and mapping at the Pen Gold Project (see Table 1 and Figures 4-5).

Figure 4: 2019 Drill Targets: Slate Rock, Reeves, Jehann, Tremblay and Deerfoot Regions



2019 Phase 2 Drill Results Commentary

In the fourth quarter of 2019, the Company completed 2,500 m of drilling from eight drill holes testing six targets (see Table 1 Figures 4-5).

The initial results from four drill holes are highlighted by hole PEN-19-39 which successfully outlined mineralized stacked lenses with high-grade gold intercepts at the HGM target grading 7.53 g/t Au over 2.2 m and 25.96 g/t Au over 1.0 m.

Deerfoot Region - HGM Prospect

The HGM prospect was initially discovered and drilled by Hemlo Gold Mines and successively tested between 1994 and 2011 with 15 holes. It is hosted along the Deerfoot Corridor, a one by three kilometre area in the easternmost part of the Pen Gold Project, that contains the westward extension of the Porcupine-Destor Fault Zone and second order sub-parallel shear zones and fault splays. Detailed review of historic drill logs and re-logging of available drill core by GFG outlined a series of stacked, replacement style gold lenses within a sequence of carbonate-silica-sericite altered, brecciated mafic volcanic rocks. Historic drilling focused on the first 300 m from surface and returned multiple high-grade assays over broad widths such as to 21.59 g/t Au over 3.9 m and 4.30 g/t Au over 5.0 m.

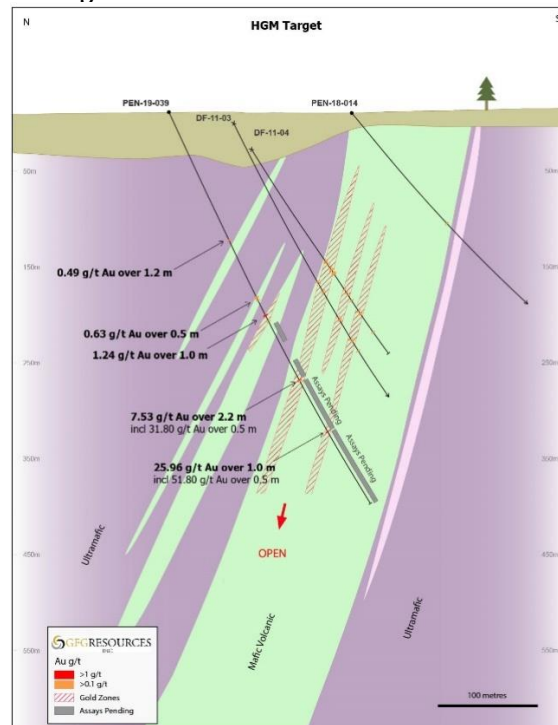
During Phase 2 of the 2019 drill program, GFG drilled two holes at the HGM target to test the eastern depth and western strike continuity of the system. Assays received to date from drill hole PEN-19-39, the deepest and easternmost hole testing the system, outlined five distinct mineralized intervals within a 225-metre-long section from 146.2 to 372.0 m downhole. Most significant are two, visible gold-bearing intervals that assayed 7.53 g/t Au over 2.2 m (including 31.80 g/t Au over 0.5 m) and 25.96 g/t Au over 1.0 m (including 51.80 g/t Au over 0.5 m) from 309.7 and 371.0 m, respectively. The former is hosted within a strongly silicified and sericitized, quartz breccia-veined mafic volcanic interval with 10% disseminated and stringer pyrite with visible gold. The latter is associated with quartz-carbonate brecciated mafic volcanic hosting 10% disseminated and stringer chalcopyrite, pyrrhotite, pyrite with visible gold. Further up-hole, several lower grade intervals returned 0.49 g/t Au over 1.2 m, 0.63 g/t Au over 0.5 m and 1.24 g/t Au over 1.0 m from 146.2, 215.8 and 233.6 m. Assays remain outstanding for a number of sections between and below the aforementioned intervals.

Mineralized intervals from Hole PEN-19-39 are interpreted to link to historic hole 94-18 located 75 m up-plunge that returned 6.52 g/t Au over 2.0 m and 21.59 g/t Au over 3.9 m and to hole 95-23 located 50 m along strike to the west that returned 21.94 g/t Au over 1.0 m.

Drill hole PEN-19-36 tested the western strike extension of the HGM target and intersected two distinct mineralized intervals ranging from 269.6 to 322.7 m downhole. Most significant is a 7.4 m interval that returned 0.93 g/t Au, including 1.2 m at 2.86 g/t Au. The interval is associated with a moderately quartz-carbonate brecciated and veined mafic volcanic interval with 1 to 5% disseminated and stringer pyrite and pyrrhotite. Further downhole, an interval returned 0.42 g/t Au over 1.3 m.

The system at HGM remains open along strike to the east and west as well as at depth and will be the focus of further drilling in the coming 2020 drill program.

Figure 5: Cross Section of the HGM Target



Deerfoot Region– Sewell North

GFG drilled one hole at the Sewell North target to on follow up on a historic hole that returned multiple gold mineralized intervals associated with a structure approximately 250 m northwest of the Sewell prospect. Assays received to date from drill hole PEN-19-35 include two distinct, diorite-hosted, quartz veined intervals hosting tourmaline, pyrite and arsenopyrite. The two intervals assayed 1.21 g/t Au over 1.0 m and 2.89 g/t Au over 1.0 m from 39.1 and 47.0 m, respectively. The system remains open in all directions.

Deerfoot Region - Regional

The Company completed two holes along an untested two-kilometre segment of the Porcupine Destor Fault Zone, between the HGM and Sewell prospects. Hole PEN-19-37 was drilled to test a complex fold structure and structural intersection associated with a resistivity break. No significant assays were returned from the hole. Assays from a second hole, located 600 m northeast along the same segment, are pending.

2019 Phase 1 Drill Results Commentary

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 Table 2 and Figures 6-10). 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.

Slate Rock

The Slate Rock target encompasses a 0.5 by 2 kilometre prospective trend (see Figure 6) where limited historic work identified gold mineralization associated with diorite and felsic porphyry in an area of extensive till cover. Historic grab samples of boulders returned up to 18.10 g/t Au in altered diorite. High gold grain counts (up to 220 grains; 83% pristine) from till samples taken within and down-ice of the target area in 2018 provide further support for the existence of a local bedrock source. Over a kilometer to the east, recent prospecting samples from bedrock returned anomalous gold values up to 0.57 g/t Au in weakly-altered and veined felsic porphyry with 1-2% pyrite and magnetite. Prior to the current drill program, only two historic holes were completed along the 2 kilometre prospective trend.

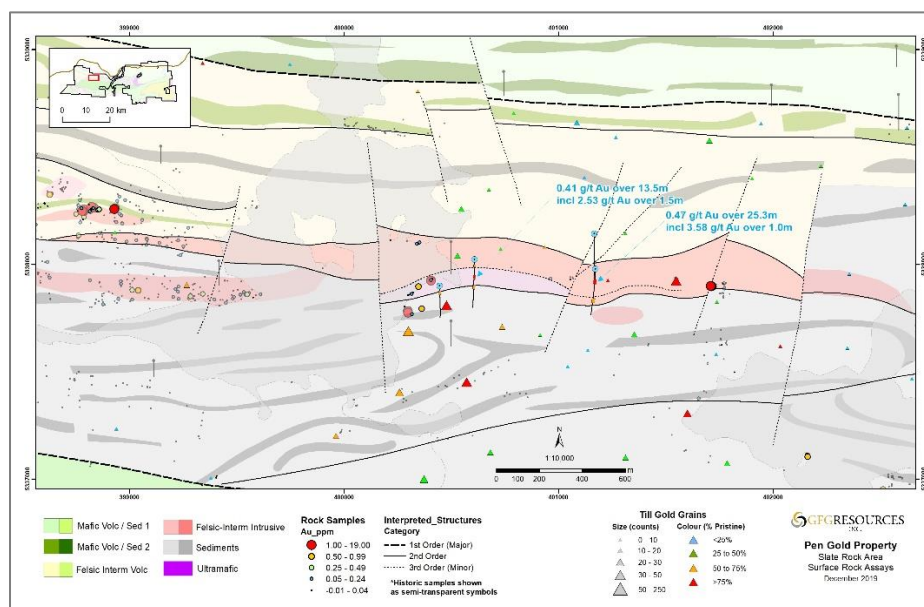
In the 2019 Phase 1 drill program, a total of four drill holes were completed. All four drill holes intersected the target diorite and felsic porphyry intrusive rocks. Two of the four drill holes intersected anomalous gold values (greater than 0.1 g/t Au) over widths of 12 to 25 meters.

Drill hole PEN-19-024 tested the diorite-felsic porphyry complex in the vicinity of the till anomaly and historic float samples. A 13.5-metre interval of moderately altered, quartz-veined diorite cut by altered and deformed felsic porphyry returned 0.41 g/t Au and included a sub-interval of 2.53 g/t Au over 1.5 m.

Drill hole PEN-19-025, located 500 m to the east of hole PEN-19-024, was drilled to test the intrusive complex where it is disrupted by northeast-trending faults evident in airborne magnetic data. It was collared in intensely altered and sheared mafic volcanic rocks, passed through multiple intervals of variably altered (sericite-quartz-carbonate) and deformed diorite and felsic porphyry and ended in mafic volcanic. Both diorite and felsic porphyry intervals were mineralized. A 25.3-metre interval of variably altered and moderately deformed diorite returned 0.47 g/t Au and included a 1.0 metre sub-interval of 3.58 g/t Au. The higher-grade section is related to extensional quartz-carbonate-sulphide-magnetite veining.

Currently, the Slate Rock area is the focus of follow-up prospecting and till sampling in the area of these drill holes and along strike towards the east and west where airborne magnetic data indicates further structural complication. Based on these results, the Company plans further drilling of the target, particularly the western and eastern portions that remain untested and host significant gold in rock samples.

Figure 6: 2019 Phase 1 Drill Results and Location at Slate Rock



Deerfoot

The Deerfoot target encompasses a 1 by 3 kilometre area in the easternmost part of the Pen Gold Project that contains the westward extension of the PDFZ and second order parallel shear zones and fault splays. The area is predominantly till-covered with very limited bedrock exposure. To date three high-grade gold prospects occur along this trend: Sewell, HGM and the recently discovered Crawford where in 2018 the Company intersected 21.26 g/t Au over 1.7 m in drill hole PEN-18-016. (see 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”](#)).

During Phase 1 of the 2019 drill program, one follow-up hole was drilled at Crawford to test for the depth extension of the shear zone and gold mineralization intersected in PEN-18-016. Drill hole PEN-19-034 intersected two zones of sulphide-rich quartz veining within the main mafic volcanic package. These graded 2.50 g/t Au over 1.0 metre and 2.12 g/t Au over 1.0 metre and were associated with discrete minor shear zones (see Figures 7-8). The continuation of the shear zone and felsic porphyry dike encountered in PEN-18-016 was also intersected in the follow-up hole but only weakly anomalous gold values were returned.

Interestingly, a lower zone of gold mineralization was intersected in PEN-19-034 that was not encountered in the previous Crawford drill hole (see Figure 7). A broad, low-grade intercept of 0.19 g/t Au over 20.3 m was returned from an interval of sulphidized mafic volcanics that are dissected by syenitic dykes. This interval coincides with a distinct change in core axis angles consistent with a change in orientation of the rock package from north- to south-dipping. This lower zone of gold mineralization occurs within an interpreted fold nose.

Ongoing review of geochemical and structural data will help to refine drill placement to test for the strike extension and plunge of the high-grade mineralization intersected in the discovery hole. Further drilling is also justified to assess the lower zone of mineralization. Additionally, several targets within the Deerfoot region between the HGM and Sewell occurrences have been prioritized for drill testing.

Figure 7: 2019 Phase 1 Drill Results and Location in the Deerfoot Region

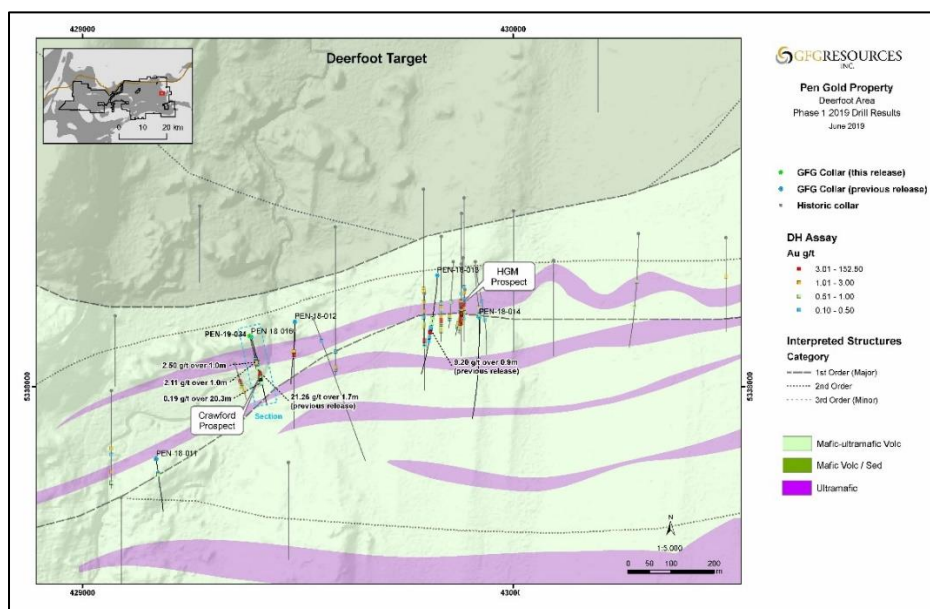
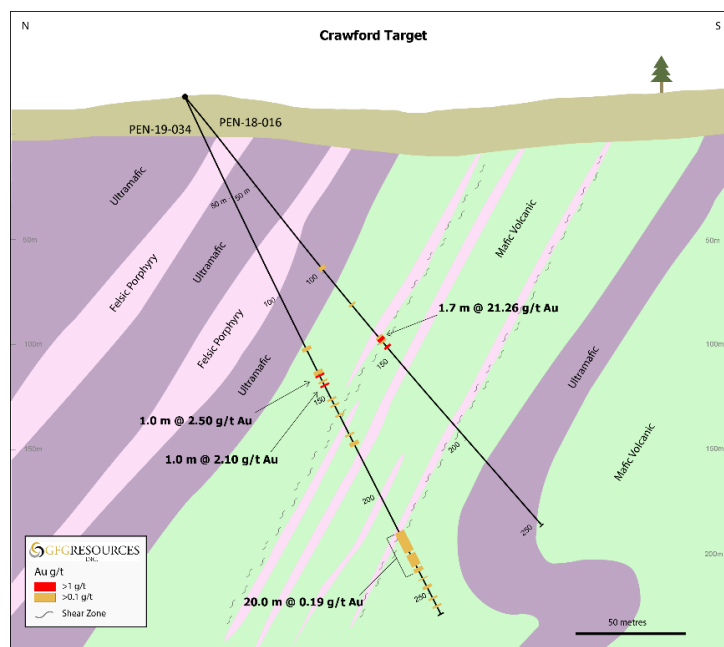


Figure 8: Crawford Cross-Section Map



Jehann East

The Jehann East target is located within the 20-square-kilometre Jehann regional target and encompasses a 1 by 2 kilometre prospective trend adjacent to and immediately north of the PDFZ. The area is largely covered by till and other surficial deposits up to 20 m in thickness and grab samples have returned anomalous gold values (up to 0.5 g/t Au) in quartz veins. Till samples collected in 2018 contained highly anomalous numbers of pristine gold grains (up to 250 grains; 94% pristine) suggesting a proximal bedrock source. Prior to the 2019 drill program, no drill holes were completed within the 'footprint' of the till anomaly or up-ice.

A total of 4 drill holes were completed in the initial phase of the 2019 drill program. The holes were designed to test various candidate gold-bearing structures with northwest, east-northeast, and northeast-trending orientations.

Drill hole PEN-19-022, designed to test a northeast-trending structural corridor, returned 1.06 g/t Au over 0.5 m in an interval of sheared and carbonate altered mafic volcanic containing pyrite and tourmaline bearing quartz-carbonate shear veining. This intercept and the occurrence of sporadic anomalous gold values through the top 1/3 of the hole confirm that the northeast trending structures and veins are prospective and deserve further follow-up.

Results to date have not explained the source of highly anomalous gold-in-till. Additional in-fill and regional till sampling and prospecting is currently being focused to the north and east of the completed drill holes to further constrain the source of the till anomaly. Further drilling in the area will be guided by results of these programs.

Reeves

The Reeves target encompasses a 4 by 4 kilometre area containing several prospective structural corridors west of the Reeves Ultramafic Complex (see Figure 9).

Historic drilling at the Talc-Mine target returned gold values up to 13.0 g/t Au over 4.3 m related to quartz-carbonate veining within intensely carbonate-altered ultramafic rocks. Recent drilling by the Company at the Nib-Yellowknife target returned 0.89 g/t Au over 7.0 m with the presence of visible gold in an interval of moderately deformed, altered (carbonate-sericite-quartz) diorite with dark grey quartz veins.

A total of 5 holes were drilled in the Reeves area during the initial phase of the 2019 drill program. The drill holes were designed to test priority east-northeast-trending corridors at structural intersections or in areas of lithologic complexity. The areas drilled had seen no previous drilling and were in low-lying areas requiring frozen ground for access.

Drill hole PEN-19-028, designed to test a sheared contact of felsic porphyry body interpreted from airborne magnetics, intersected 1.47 g/t Au over 1.5 m in highly altered (carbonate-sericite-quartz) mafic volcanic rocks in the footwall of a felsic porphyry body.

Further work in the Reeves area will focus on refining drill targets along the previously identified gold bearing structures related to the Talc-Mine and Nib-Yellowknife targets and along the PDFZ in the southern portion of the Reeves target.

Figure 9: 2019 Phase 1 Drill Results at the Reeves Target Region

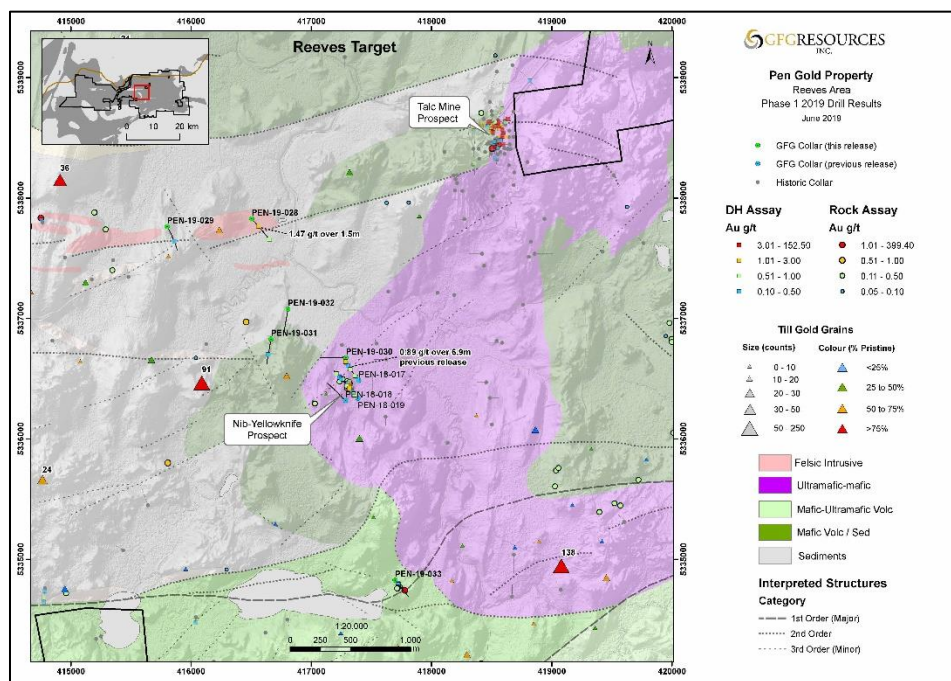


Table 1: 2019 Highlighted Drill Results at the Pen Gold Project

Hole ID	From (m)	To (m)	Length (m)	Au (g/t)	Target
PEN-19-020	no significant assays				Jehann East
PEN-19-021	no significant assays				Jehann East
PEN-19-022	27.6	28.1	0.5	1.06	Jehann East
PEN-19-023	273.8	274.8	1.0	0.64	Jehann East
PEN-19-024 ⁽¹⁾	106.5	120.0	13.5	0.41	Slate Rock
incl	106.5	108.0	1.5	2.53	
and	281.5	282.5	1.0	0.86	
and	309.8	310.3	0.5	0.76	
PEN-19-025 ⁽¹⁾	72.2	97.5	25.3	0.47	Slate Rock
incl	72.2	73.2	1.0	3.58	
incl	91.5	93.0	1.5	1.81	
and	202.5	215.0	12.5	0.15	
PEN-19-026	165.8	166.9	1.1	0.53	Slate Rock
and	261.0	262.0	1.0	0.86	
PEN-19-027	no significant assays				Slate Rock
PEN-19-028	113.5	115.0	1.5	1.47	Reeves
PEN-19-029	no significant assays				Reeves
PEN-19-030	no significant assays				Reeves
PEN-19-031	no significant assays				Reeves
PEN-19-032	no significant assays				Reeves
PEN-19-033	56.5	65.0	8.5	0.26	Jehann Lake
PEN-19-034	140	141	1.0	2.5	Crawford
and	145	146	1.0	2.12	
and ^(1,2)	219.8	240	20.3	0.19	
incl ⁽²⁾	219.8	221	1.3	0.53	
PEN-19-35	39.1	40.1	1.0	1.21	Sewell North
and	47.0	48.0	1.0	2.89	
PEN-19-36	269.6	277	7.4	0.93	HGM
incl	269.6	270.8	1.2	2.86	
and	321.4	322.7	1.3	0.42	
PEN-19-37	no significant assays				Deerfoot Regional
PEN-19-39	146.2	147.4	1.2	0.49	HGM
and	215.8	216.3	0.5	0.63	
and	233.6	234.6	1.0	1.24	
and	309.7	311.9	2.2	7.53	
incl	310.2	310.7	0.5	31.8	
and ⁽²⁾	371.0	372.0	1.0	25.96	
incl ⁽²⁾	371.5	372.0	0.5	51.8	

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

⁽¹⁾ Interval calculated at 0.1 g/t cut-off.

⁽²⁾ True width is unknown.

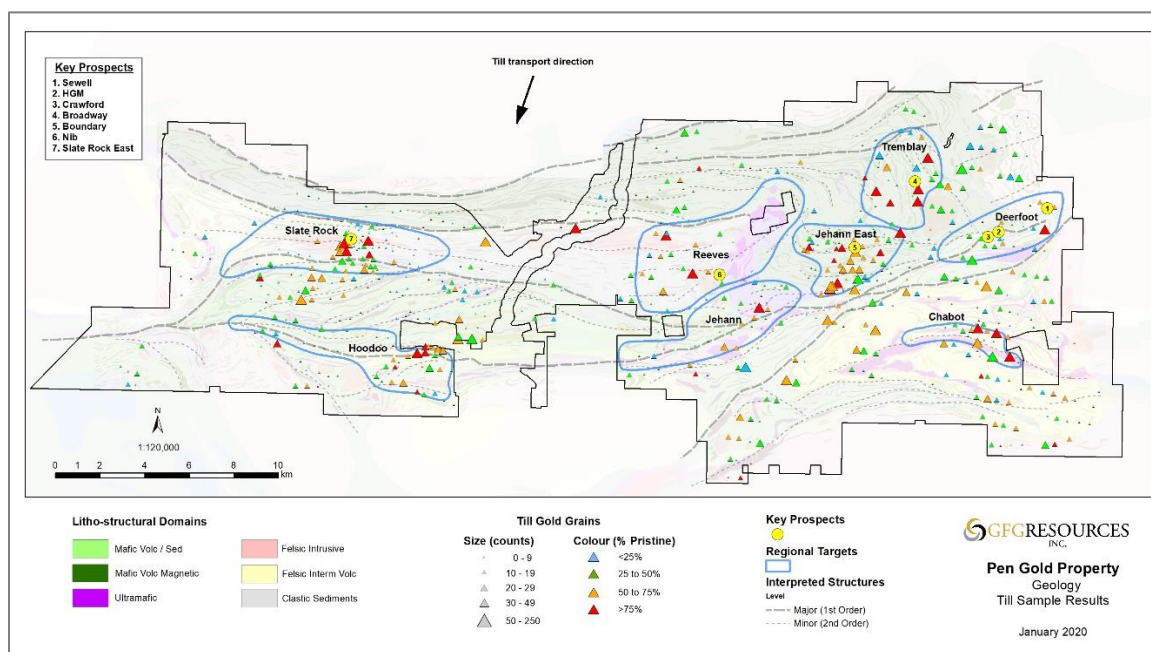
Surface Exploration Programs

In addition to the 2019 drill programs, the Company conducted additional regional till sampling, prospecting and mapping.

Following a successful regional till sampling program in 2018, the Company completed a Phase 3 program that included 165 till samples that were 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 surface exploration program also included intensive regional prospecting program. The Company collected 1,395 rock grab and channel samples to assess the prospectivity of priority target areas derived from the integration of geological, structural and geochemical data. Recent prospecting efforts have resulted in the identification of a new mineralized trend (termed 'Boundary') and the confirmation of the regional extent of the mineralized system at Slate Rock. These two mineralized trends are over 20 kilometres apart and located in the east and west block of the Project respectively.

Figure 10: Overview Map of Regional Till Sampling Results



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 10). 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 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.

During the fourth quarter of 2018, the Company completed its inaugural drill program which consisted of 4,744 m in 18 holes ranging in depth from 150 to 500 m (see Table 2 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 Figure 11). 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 12-13). 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 11: 2018 Regional Drill Targets

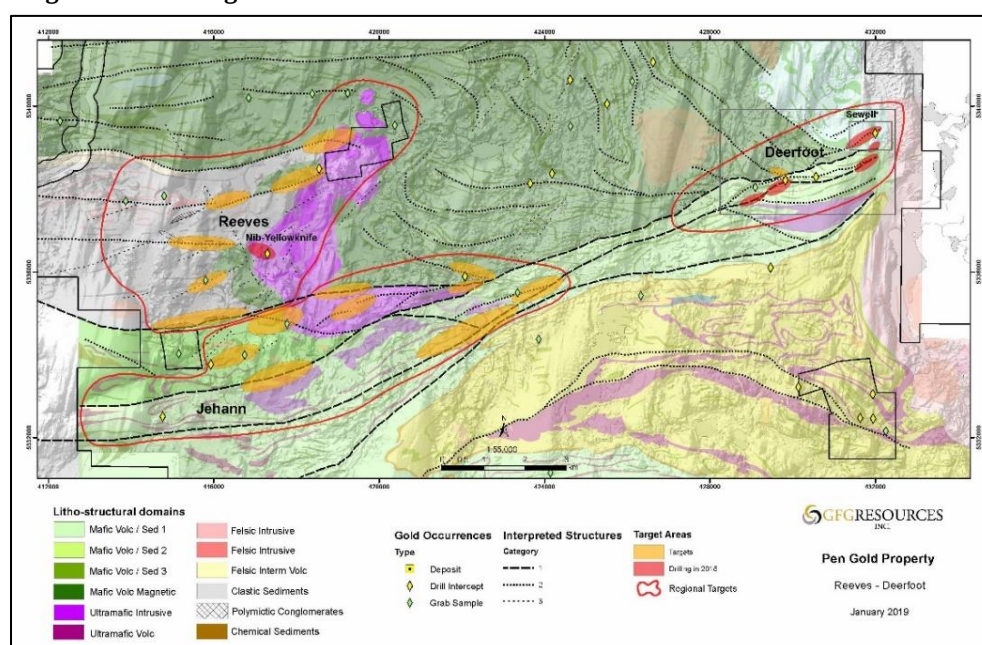


Table 2: Highlighted 2018 Drill Results from Pen Gold Project

Hole ID	From (m)	To (m)	Length (m)	Au (g/t)	Target
PEN-18-001	61.2	66.7	5.6	3.57	Sewell
incl	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	
incl	60.5	61.0	0.6	63.88	

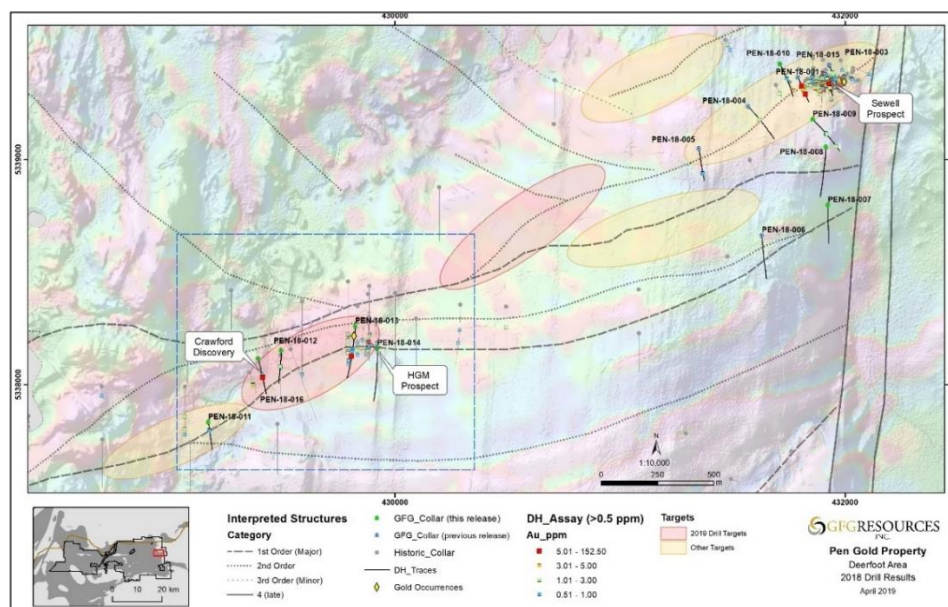
and	87.5	88.4	0.9	1.96	
PEN-18-016	118.0	119.0	1.0	0.80	Crawford
and	138.4	140.0	1.7	21.26	
incl	138.4	139.2	0.9	39.70	
and	143.0	144.2	1.2	1.20	
PEN-18-017	65.4	68.0	2.6	0.55	Nib-Yellowknife
and	157.2	159.0	1.8	0.63	
and	250.5	257.5	7.0	0.89	

*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 12: Crawford Cross Section



Figure 13: 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 13). 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 13-14). 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.

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. 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.

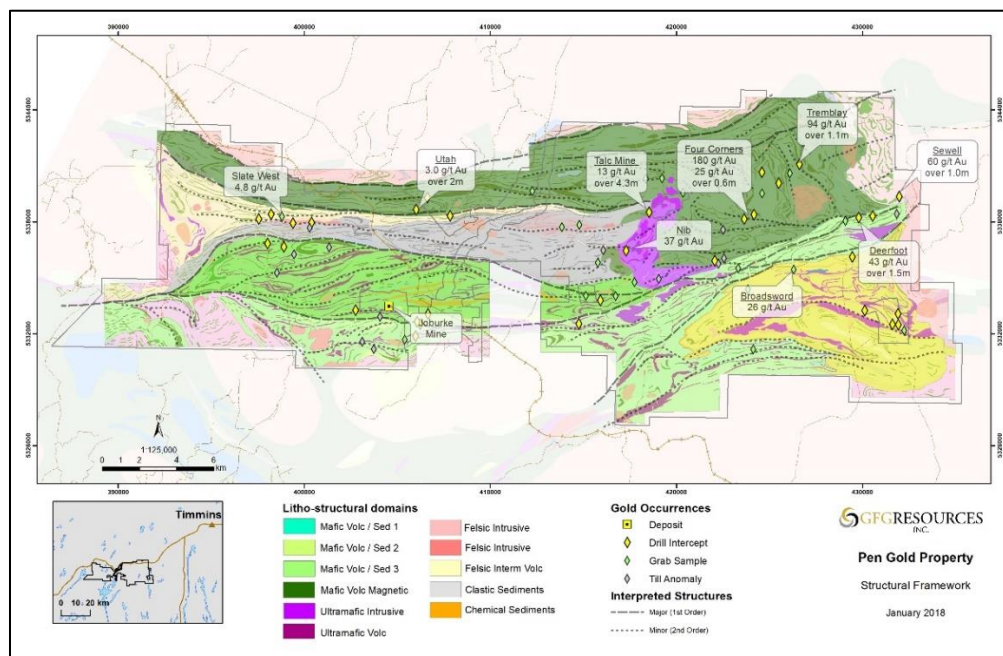
Historic Exploration Programs

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 14). 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:

- Rapiere'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 14: 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.

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 15-16). 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 15: Rattlesnake Hills Gold Project Location

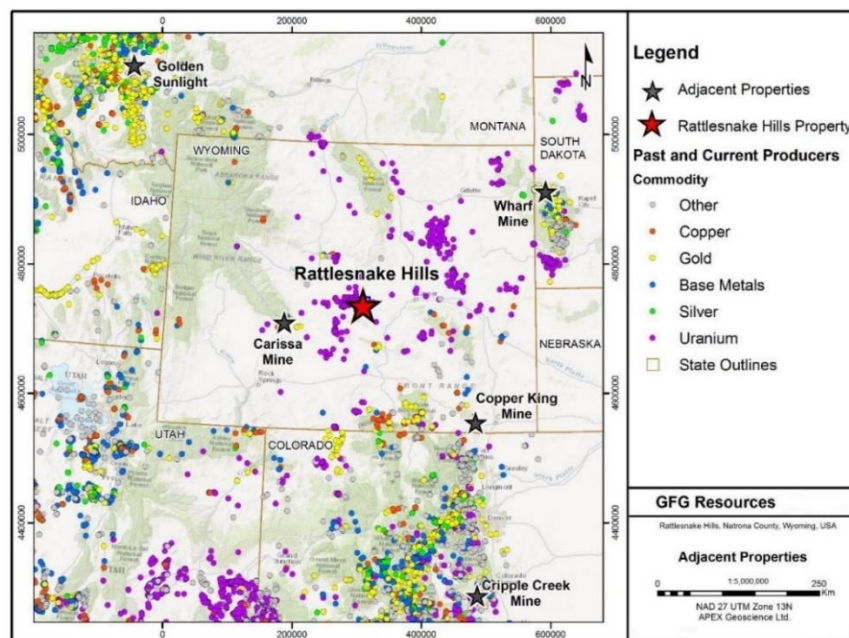
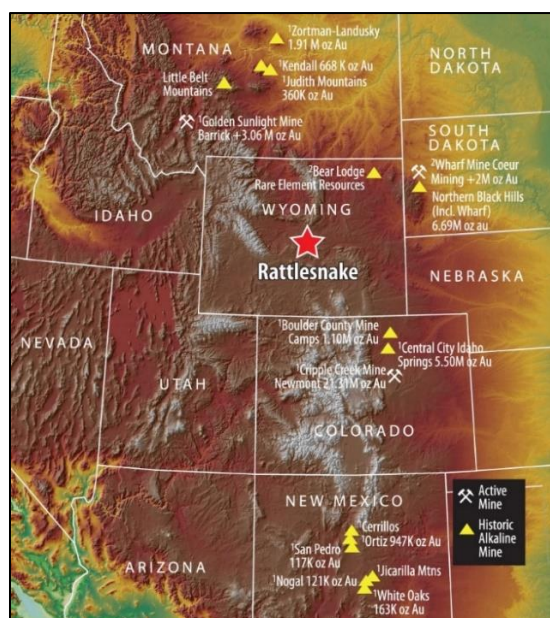


Figure 16: Rattlesnake Hills Gold Project Location Within Rocky Mountain Alkaline Province



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 3: 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 4: 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
Incl.	160.02	176.78	16.76	26.21
Incl.	170.69	172.21	1.52	122.00
RSC-039	25.91	176.78	150.88	2.08
Incl.	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
Incl.	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
Incl.	137.16	140.21	3.05	17.96
RSC-135	83.82	160.02	76.20	4.68

Incl.	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
Incl.	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 5: 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
Incl.	167.64	169.16	1.52	9.35
RSC-042	147.83	224.03	76.20	1.91
Incl.	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
Incl.	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
Incl.	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
Incl.	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 6: Blackjack Drilling Results

Hole	From (m)	To (m)	Length (m)	Au (g/t)
NVJ-001	0.00	33.53	33.53	1.33
Incl.	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

2019 Exploration Program

The 2019 drill program, started in July and completed in October of 2019, consisted of 3,900 m of core drilling from three holes for a total budget of approximately US\$3.5 million. The program was fully-funded by GFG's partner Newcrest, through its option and earn-in agreement (see news release: [GFG Signs Option and Earn-In Agreement with Newcrest to Advance the Rattlesnake Hills Gold Project](#)). The drill program was designed to test the South Deep and North Deep targets as well as strike extensions to North Stock and Antelope Basin deposits (see Figures 17 and 18). These targets were developed in the context of a new deposit-scale alteration model generated from Corescan hyperspectral scanning of historic drill core, recently completed geophysical inversions and the application of machine-learning technology. Modelling of the brownfield environment suggests the presence of high-grade, feeder zones to the gold mineralization at the North Stock diatreme-hosted deposit. These deep feeder zones are thought to be structural conduits that have focused intrusive activity, mineralizing fluids and gold mineralization. Alteration is typically moderate to intense within and approaching the corridors, consisting of adularia-carbonate-sericite and high temperature clays (montmorillonite-illite). The establishment of deposit scale zonation has been a critical step in vectoring towards drill targets within this large gold system.

Drill Results Commentary

RSC-194 tested four distinct targets, namely the strike extension of the Antelope Basin deposit, the Cowboy Target, the South Deep Target and the North Deep Target (see Table 7 and Figures 18 and 19).

The upper portion of the hole hosted 0.55 g/t Au over 57.7 m in altered schist cut by quartz monzodiorite dykes including a sub-interval of 0.99 g/t Au over 19.8 m. The dyke is strongly fractured, clay-altered and hosts carbonate stockwork veining and the schist is weakly sericitized and cut by quartz veins and carbonate stockwork veining. This intercept extends mineralization previously intercepted at the Cowboy Target significantly southward and sub-parallel to the Antelope Basin deposit (see news release: [“GFG Resources Drills 0.82 g/t Gold over 99.1 Metres & Provides Summary of 2017 Drill Program at Rattlesnake Hills Gold Project”](#)). The hole intersected a second quartz monzodiorite from 832 m to 977 m depth that is interpreted as the northern strike and down-dip extension of the Antelope Basin system. This dyke is fractured, clay- and sericite-altered, variably sulphidized and hosts carbonate veinlets. Anomalous gold grades of up to 0.24 g/t Au were returned from narrow sections of this interval.

Further downhole, the hole tested the South Deep target, a down-dip extension of the mineralized zone seen in historic drill hole RSC-027 that hosted 2.47 g/t Au over 22.9 m associated with multiple strong, sub-vertical, resistivity gradients and numerous mineralized feldspar porphyry dykes. The hole intersected the South Deep Target from 1,122 m to 1,338 m, returning zones of weakly to moderately altered schist and heterolithic breccia cut by carbonate- and potassic-altered feldspar porphyry dykes that host pyrite and attain thicknesses of up to 13 metres. Peak gold grades of up to 0.44 g/t Au were intersected within a porphyry dyked and brecciated interval that graded 0.14 g/t Au over 25.9 m.

Near the base of the drill hole, the North Deep Target was tested as the hole passed through the Precambrian/Tertiary contact around 1,692 m. It intersected broad zones of intensely fractured, fluorite-bearing, pyritic, potassic- and carbonate-altered heterolithic breccia. The bottom 26 m of the hole hosted a feldspar porphyry with strong potassic alteration, cut by abundant

pyrite and magnetite veining. Despite the encouraging geological setting, no significant gold grades were returned from this interval.

RSC-195 was drilled to test the North Deep Target down-dip of gold mineralization associated with the North Stock deposit.

The hole passed through broad zones of heterolithic breccia and phonolite before passing into monolithic schist breccia cut by phonolite and feldspar porphyry dykes and finally terminating in schist at 1,081 m depth. Logging indicates an increasing intensity of potassic and clay alteration as well as increasing amounts of sulfide and iron oxide with depth in the phonolite and feldspar porphyry units. Multiple low-grade gold intervals were returned over narrow intervals including 0.16 g/t over 6.1 m, 0.22 g/t over 6.1 m and 0.15 g/t over 7.2 m from 122.5, 505.4 and 906.0 m, respectively.

RSC-196 was drilled to test the western extent of the North Deep Target; approximately 200 m west of RSC-195.

The hole passed through a broad interval of altered, heterolithic breccia before passing into intercalated heterolithic breccia and phonolite from 484 through 825 m; bottoming in potassic- and carbonate-altered phonolite through to the base of the hole at 1,010 m. As with RSC-195, the intensity of potassic alteration is strongest near the phonolite and increases with depth, along with iron oxide veining and fracture intensity. A significant zone of gold mineralization was intercepted from 19.2 through 132.0 m depth returning 0.25 g/t Au over 112.8 m. This interval of heterolithic breccia is fractured, strongly stained with iron oxides and hosts moderate potassic and clay alteration. Further downhole, several narrow intervals returned 0.10 to 0.44 g/t Au including 0.33 g/t Au over 7.6 m from 758.7 m hosted in heterolithic breccia and phonolite.

Based on geological review, 3D modelling and CSAMT data, holes RSC-195 and RSC-196 are interpreted to have either remained in the diatreme throughout their length or to have passed from the North Stock diatreme through its north contact into the Precambrian schists, and only partially testing the North Deep target. The majority of gold mineralization associated with the North Stock deposit is related to the southern contact of the diatreme and this contact remains to be tested at depth.

Figure 17: 2019 Drill Targets at Rattlesnake Hills Gold Project

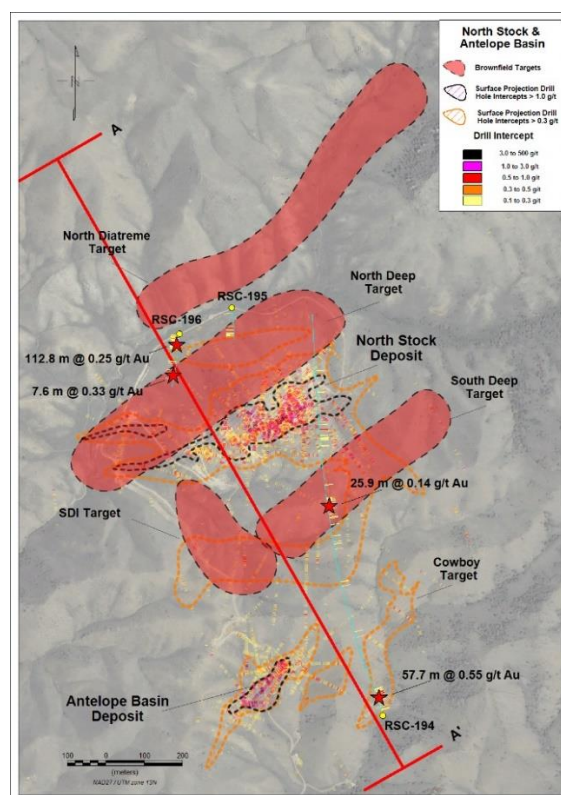


Figure 18: 2019 Drill Targets at Rattlesnake Hills Gold Project in Cross-Section A-A'

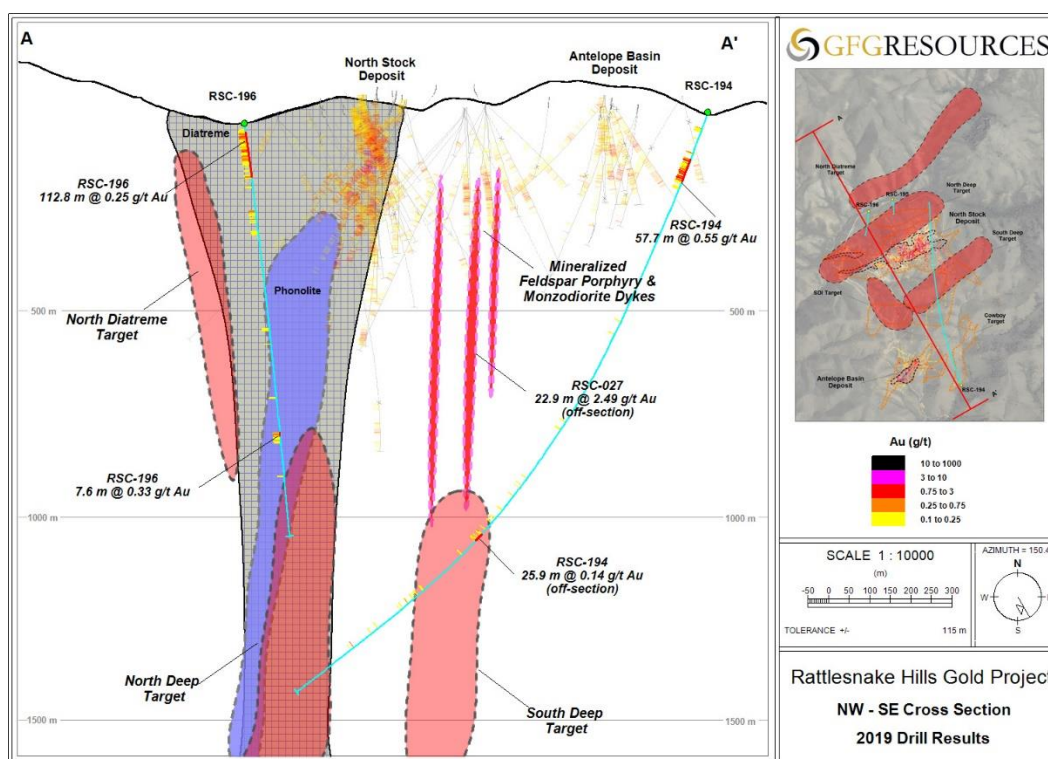


Table 7: Highlighted Assay Results from the 2019 Drill Program at the Rattlesnake Hills Gold Project

Hole ID	From (m)	To (m)	Au (g/t)	Length (m)	Cut Off (g/t)
RSC-194	122.7	180.4	0.55	57.7	0.2
includes	125.6	129.1	1.33	3.5	0.5
includes	154.5	174.4	0.99	19.8	0.5
and	1179.0	1204.9	0.14	25.9	0.2
RSC-195	122.5	128.6	0.16	6.1	0.1
and	505.4	511.5	0.22	6.1	0.1
includes	505.4	508.4	0.35	3.1	0.2
and	906.0	913.2	0.15	7.2	0.1
RSC-196	19.2	132.0	0.25	112.8	0.2
includes	22.2	31.4	0.36	9.2	0.5
includes	63.4	68.0	0.71	4.6	0.5
and	213.1	217.6	0.26	4.6	0.2
and	758.7	766.3	0.33	7.6	0.2

*Gold intervals reported in the above table are reported at a minimum 3 metre width and a 0.1, 0.2 or 0.5 g/t Au cut-off. Weighted averaging has been used to calculate all reported intervals. True widths are estimated at 50-100% of drilled thicknesses.

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 intersected zones of gold mineralization that may be intrusive hosted and all contained intervals of 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 Exploration Program

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.

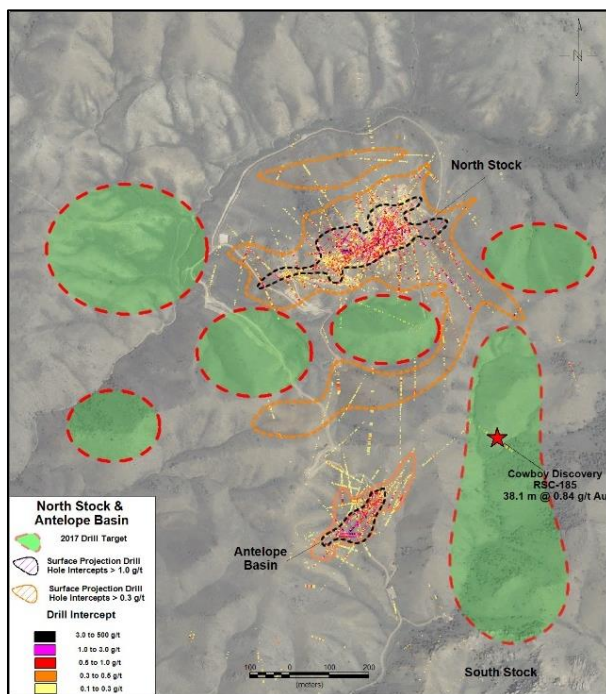
Brownfield Exploration

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 19, 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.

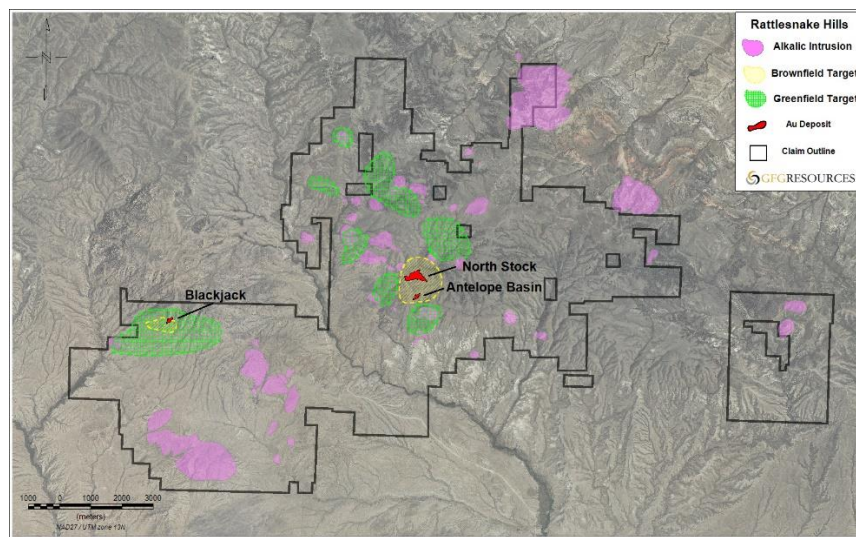
Figure 19: 2018 Drill Target Areas at North Stock and Antelope Basin Region



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 20 outlines the location of the prioritized greenfield targets the Company focused on in 2017.

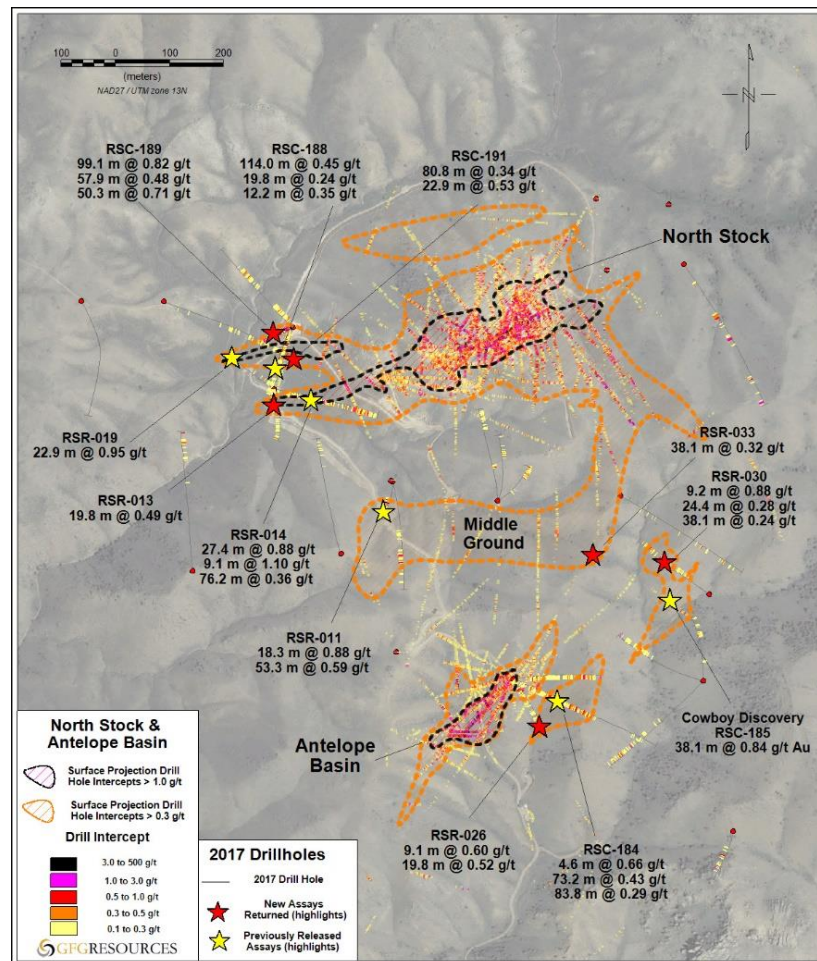
Figure 20: Regional Map Outlining Greenfield Targets



On February 5, 2018, the Company announced the completion of the 2017 program and released all drill assays from the program (see Figure 21). 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; and
- 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 21: 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 m 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 and 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

The following financial data is derived from the Company's condensed consolidated interim financial statements for the six months ended:

	December 31, 2019	December 31, 2018
General & administrative expense	\$812,380	\$913,087
Net loss	\$444,655	\$367,486
Basic and diluted loss per share	\$0.00	\$0.00
Total current assets	\$3,656,343	\$4,488,572
Total current liabilities	\$1,275,111	\$1,803,694
Working capital	\$2,381,232	2,684,878
Exploration and evaluation assets	\$28,048,627	\$25,787,955

Net loss

For the three months ended December 31, 2019, the Company incurred a Net loss of \$198,098, or \$0.00 per share, which included \$67,291 in non-cash share-based compensation which was offset by the \$238,773 non-cash gain on the derecognition of the Flow-through share premium. This compares to the prior period's Net loss of \$73,108, or \$0.00 per share, which included \$113,238 in non-cash share-based compensation offset by the \$241,231 non-cash gain on the derecognition of the Flow-through share premium.

For the six months ended December 31, 2019, the Company incurred a Net loss of \$444,655, or \$0.00 per share, which included \$167,011 in non-cash share-based compensation which was offset by the \$349,623 non-cash gain on the derecognition of the Flow-through share premium. This compares to the prior period's Net loss of \$367,486, or \$0.00 per share, which included \$240,954 in non-cash share-based compensation offset by the \$450,900 non-cash gain on the derecognition of the Flow-through share premium.

Expenses

For the three months ended December 31, 2019, the Company incurred expenses of \$332,328 prior to non-cash share-based compensation of \$67,291 and depreciation of \$16,659. This compares to the comparative period's expense of \$319,966 prior to non-cash share-based compensation of \$113,238 and depreciation of \$4,008.

For the six months ended December 31, 2019, the Company incurred expenses of \$612,170 prior to non-cash share-based compensation of \$167,011 and depreciation of \$33,199. This compares to the comparative period's expense of \$664,117 prior to non-cash share-based compensation of \$240,954 and depreciation of \$8,016.

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

- Depreciation increased by \$12,651 quarter over quarter and increased by \$25,183 for the first six months of 2020 over the prior year's comparable period. The increase was due to the adoption of IFRS 16 (see Note 3 to the interim consolidated Financial Statements);
- Investor relations expenditures increased by \$26,830, or 24%, quarter over quarter, and increased by \$20,604, or 10%, for the first six months of 2020 over the prior year's comparable period. These results were due to increased marketing activity during the current quarter;
- For the three months ended December 31, 2019, Professional fees were relatively unchanged. For the six months ended December 31, 2019, Professional fees decreased by 45% to \$28,766 versus the \$52,067 reported for the same period last year. This was due primarily to lower corporate activity during the first quarter of the year;
- Rent decreased by \$18,226 quarter over quarter and decreased by \$54,940 for the first six months of 2020 over the prior year's comparable period. This decrease was due to the adoption of IFRS 16 (see Note 3 to the interim consolidated Financial Statements);
- Share-based compensation decreased during the current quarter to \$67,291 compared to \$113,238 for the same comparative period in 2019. Share-based compensation for the first six months of this year fell by \$73,943 versus last

year's comparative 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 increased by \$4,116 and \$13,978 for the three months and six months ended December 31, 2019, respectively, versus the comparable period last year. This was primarily due to increased corporate activity requiring Management to travel.

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:

	Dec 31 2019	Sept 30 2019	June 30 2019	Mar 31 2019	Dec 31 2018	Sept 30 2018	June 30 2018	Mar 31 2018
Net loss	\$(198,098)	\$(246,557)	\$(299,972)	\$(213,680)	\$(73,108)	\$(294,378)	\$(330,712)	\$(685,345)
Net loss per share	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$(0.01)
Total assets	\$32,471,035	\$29,609,397	\$29,508,304	\$30,440,444	\$31,002,452	\$28,436,117	\$28,850,932	\$29,556,401
Total liabilities	\$1,664,282	\$1,164,323	\$923,648	\$1,649,512	\$2,108,399	\$1,011,919	\$1,286,228	\$1,457,520

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 11 to the interim consolidated Financial Statements). Further, since mid-September 2018, certain Rattlesnake Property expenditures were recovered pursuant to the JV Agreement with Newcrest.

Total assets has been relatively constant over the past eight quarters. Increase to Total assets over the eight quarters was primarily a result of Exploration and evaluation spending, funded by equity issues. As well, Total assets for the three months ended March 31, 2018, increased as a result of the Rapier Acquisition.

Total liabilities were higher at March 31, 2018, as a result of the transaction costs on the acquisition of exploration and evaluation assets and the non-brokered private placement. For the three months ended December 31, 2018, Total liabilities also reflected a \$0.5 million payable pursuant to the JV Agreement with Newcrest. For the current quarter, the increase in Total liabilities was due to the timing of trade payables, as they related to exploration expenditures, and the recording of a Flow-through share premium liability (see Note 11 to the interim consolidated Financial Statements).

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:

	December 31, 2019	June 30, 2019
Cash	\$3,485,289	\$1,561,317
Total current assets	\$3,656,343	\$1,701,107
Total current liabilities	\$1,275,111	\$614,641
Working capital	\$2,381,232	\$1,086,466

At December 31, 2019, the Company had cash of \$3,485,289 (June 30, 2019 - \$1,561,317) and working capital of \$2,381,232 (June 30, 2019 - \$1,086,466). The increase in working capital was primarily a result of proceeds received from a non-brokered private placement completed during the quarter offset by administrative expense and exploration expenditures incurred at the Pen and Dore Gold properties. 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 and will continue to be dependent on equity financing.

	December 31, 2019	December 31, 2018
Cash flow from (used) in:		
Operating activities	\$(361,360)	\$(728,250)
Investing activities	\$(786,026)	\$(1,189,542)
Financing activities	\$3,071,358	\$1,963,743
Net increase in cash	\$1,923,972	\$45,951
Cash, beginning of period	\$1,561,317	\$4,248,770
Cash, end of period	\$3,485,289	\$4,294,721

Operating Activities

During the six months ended December 31, 2019, the Company's cash flow used in operating activities was \$361,360 (December 31, 2018 - \$728,250). As period over period cash flow from operations prior to changes in non-cash working capital items was relatively unchanged, the decrease in cash used was due to changes in non-cash working capital items.

Investing Activities

Cash used in investing activities for the six months ended December 31, 2019 was \$786,026 (December 31, 2018 - \$1,189,542). Expenditures for the first half were comprised of and equipment purchase of \$4,200, exploration expenditures, primarily at the Pen and Dore Gold projects, of \$861,672 (December 31, 2018 - \$1,717,195) and advances from its joint venture partner of \$79,846 (December 31, 2018 - \$532,353).

The following is a continuity of the Company's exploration and evaluation expenditures:

	Wyoming Rattlesnake	Ontario Pen & Dore	Total
	\$	\$	\$
Balance at June 30, 2019	10,865,542	16,313,051	27,178,593
Additions:			
Exploration expenses			
Claim maintenance fees	373,986	14,376	388,362
Consulting	21,570	413,992	435,562
Salaries and benefits	316,863	176,219	493,082
Management fees	358,061	-	358,061
Other	139,076	-	139,076
Drilling	2,934,116	312,402	3,246,518
Geochem	166,068	-	166,068
Geophysics	-	183,736	183,736
General field expenses	32,284	136,217	168,501
Travel and accommodation	25,089	-	25,089
Asset retirement obligation	(34,478)	-	(34,478)
	4,332,635	1,236,942	5,569,577
Recovery of Exploration and evaluation assets expenditures	(4,699,543)	-	(4,699,543)
	(366,908)	1,236,942	870,034
Balance at December 31, 2019	10,498,634	17,549,993	28,048,627

	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	428,954	52,726	481,680
Consulting	240,636	1,417,554	1,658,190
Salaries and benefits	531,186	425,944	957,130
Management fees	173,498	-	173,498
Other	211,158	-	211,158
Drilling	592,645	947,460	1,540,105
Geophysics	-	513,885	513,885
Geochem	65,487	-	65,487
General field expenses	76,104	326,998	403,102
Travel and accommodation	61,175	-	61,175
	2,380,843	3,684,567	6,065,410
Recovery of Exploration and evaluation assets expenditures	(2,486,152)	-	(2,486,152)
	(105,309)	3,684,567	3,579,258
Balance at June 30, 2019	10,865,542	16,313,051	27,178,593

Financing Activities

For the six months ended December 31, 2019, pursuant to disclosure requirements of the newly adopted accounting standard, IFRS 16 Leases, the Company reported lease payments of \$35,693 (December 31, 2018 - \$nil).

Also, for the six months ended December 31, 2019, the Company completed the following financing transactions:

On October 29, 2019, the Company closed the second tranche of its non-brokered private placement with the issuance of: i) 610,000 units of the Company ("Units") at a price of \$0.18 per Unit for gross proceeds of \$109,800, with each Unit consisting of one common share of the Company and one-half of one share purchase warrant, with each whole share purchase warrant (a "Warrant") entitling the holder thereof to acquire one additional common share of the Company at an exercise price of \$0.27 for a period of 24 months from the date of issuance; ii) 34,000 common shares of the Company that qualify as "flow-through shares" for the purposes of the Income Tax Act (Canada) ("FT Shares") at a price of \$0.22 per FT Share for gross proceeds of \$7,480;

On October 24, 2019, the Company closed the first tranche of its non-brokered private placement with the issuance of: i) 5,025,555 Units at a price of \$0.18 per Unit for gross proceeds of \$904,600, with each Unit consisting of one common share of the Company and one-half of one share purchase warrant, with each Warrant entitling the holder thereof to acquire one additional common share of the Company at an exercise price of \$0.27 for a period of 24 months from the date of issuance; ii) 3,334,546 common shares of the Company that qualify as "flow-through shares" for the purposes of the Income Tax Act (Canada) at a price of \$0.22 per FT Share for gross proceeds of \$733,600; and iii) 5,192,267 charity units of the Company ("Charity Units") at a price of \$0.275 per Charity Unit for gross proceeds of \$1,427,873 with each Charity Unit consisting of one FT Share and one-half of one Warrant.

Net proceeds raised for the first and second tranche was \$3,107,051.

On October 21, 2019, the Company issued 600,000 common shares pursuant to its Restricted Share Unit Plan (see Note 15 to the interim consolidated Financial Statements).

For the six months ended December 31, 2018, the Company completed the following financing transactions:

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.

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.

Net proceeds raised for the first and second tranche was \$1,963,743.

COMMITMENTS

As of December 31, 2019, the Company has three separate commercial leases with the following expected, undiscounted payments:

	\$
2020	97,651
2021	74,258
2022	69,866
2023	23,591
Total	265,366

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		Six Months Ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	\$	\$	\$	\$
Salaries and benefits capitalized to exploration and evaluation assets	31,243	41,852	59,581	113,899
Salaries and benefits ⁽¹⁾	127,909	111,244	277,214	235,544
Director fees	18,160	18,145	36,321	36,290
Share-based compensation	63,446	106,405	159,321	233,523
Share-based compensation capitalized to exploration and evaluation assets	9,442	16,613	18,883	33,226
	250,200	294,259	551,320	652,482

(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 December 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 September 30, 2019, or as of the date of this report.

NEW, AMENDED AND FUTURE IFRS PRONOUNCEMENTS

IFRS 16

On July 1, 2019, the Company adopted IFRS 16 Leases which replaces IAS 17 Leases and related interpretations. The new standard eliminates the previous classification of leases as either operating leases or finance leases and introduces a single lessee accounting model which requires lessee to recognize assets and liabilities for all leases unless the underlying asset has a low value or the lease term is twelve months or less. At the commencement date of a lease, the Company recognizes a lease liability and an asset representing the right to use the underlying asset during the lease term (i.e. the "right-of-use" asset). The Company recognizes interest expense on the lease liability and depreciation expense on the right-of-use asset.

The Company adopted IFRS 16 using the modified retrospective approach and recognized the right-of-use assets at the amount equal to the lease liabilities. As a result, there was no impact to accumulated deficit upon adoption. In addition, the Company elected to use the exemptions proposed by the standard on lease contracts for which the lease terms end within twelve months as of the date of adoption and lease contracts for which the underlying asset is of low-value. We have also elected not to separate fixed non-lease components from lease components and instead account for each lease component and associated fixed non-lease components as a single lease component.

The impact of adoption is disclosed in Note 3 to the Company's interim consolidated Financial Statements for the six months ended December 31, 2019.

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.

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 December 31, 2019, the Company has working capital of \$2,381,232 which is sufficient to fund certain 2020 Pen and Dore exploration programs as well as administrative costs.

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 December 31, 2019 and the date of this report, the Company had:

	December 31, 2019	Date of this report
Common shares	109,851,016	109,851,016
Warrants	8,158,910	5,413,910
Stock options	4,536,527	4,536,527

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

	Six Months Ended December 31, 2019		Year Ended June 30, 2019	
	Number of warrants	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of period	3,970,000	\$ 0.75	7,620,625	\$ 0.73
Granted	5,413,910	0.27	-	-
Expired	(1,225,000)	0.75	(3,650,625)	0.70
Outstanding, end of period	8,158,910	0.43	3,970,000	0.75

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

Exercise Price	Number Outstanding	Expiry Date
\$		
0.75	2,745,000	January 11, 2020
0.27	5,108,910	October 24, 2021
0.27	305,000	October 29, 2021
	8,158,910	

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

	Six Months Ended December 31, 2019		Year Ended June 30, 2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Outstanding, beginning of period	4,740,519	0.58	4,095,639	0.79
Granted	178,048	0.22	1,483,130	0.195
Forfeited	(382,040)	0.66	(838,250)	0.77
Outstanding, end of period	4,536,527	0.56	4,740,519	0.58

A summary of the stock options outstanding and exercisable at December 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	425,349	292,016	April 2, 2023
0.405	625,000	208,333	March 2, 2023
1.09	1,600,000	1,250,000	March 17, 2022
0.195	1,358,130	376,875	February 27, 2024
0.24	50,000	-	May 13, 2024
0.22	178,048	161,220	August 1, 2024
	4,536,527	2,588,444	

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

The Company's 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 February 13, 2020.