MARGAUX RESOURCES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE AND SIX-MONTHS PERIODS ENDED MARCH 31, 2020 AND 2019

INTRODUCTION

The following Management's Discussion and Analysis ("MD&A") of Margaux Resources Ltd. ("Margaux" or the "Corporation") should be read in conjunction with the unaudited interim condensed financial statements of the Corporation ("Financial Statements") as at and three and six-months periods ended March 31, 2020 and 2019 (the "Financial Statements"), the most recent audited consolidated financial statements of the Corporation for the years ended September 30, 2019 and 2018 and the related MD&A, and is based on information available to May 28, 2020. Amounts herein are expressed in Canadian dollars except where indicated otherwise. The unaudited Financial Statements of the Corporation's three and six-months periods ended March 31, 2020 and 2019, are prepared in accordance with IAS 34 Interim Financial Reporting and do not include all information required for full annual financial statements. The most recent audited financial statements of the Corporation for the years ended September 30, 2019 and 2018 and all comparative information herein have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Additional information regarding the Corporation is available on the Corporation's SEDAR profile at www.sedar.com.

This MD&A is dated May 28, 2020 and was prepared by management of the Corporation. The board of directors of the Corporation approved this MD&A on May 28, 2020.

FORWARD-LOOKING INFORMATION

This document contains certain forward-looking statements, including management's assessment of future plans and operations, and capital expenditures and the timing thereof, that involve substantial known and unknown risks and uncertainties, certain of which are beyond Margaux's control. Forward looking information does not relate strictly to historical or current facts and can be identified by words such as "anticipate", "believe", "estimate", "expect", "forecast", "intend", "may", "project", "should", "will" or similar expressions. These statements represent management's reasonable projections, expectations and estimates as of the date of this document but undue reliance should not be placed upon them, as they are derived from many assumptions. Such assumptions are subject to known and unknown risks and uncertainties, including the business risks discussed in the MD&A, which may cause actual performance and financial results to differ materially from any projections of future performance or results implied by such forward looking statements.

The forward looking information in the MD&A is subject to significant risks and uncertainties and is based on many factors and assumptions which may prove to be incorrect; including, but not limited to, the following:

- the Corporation's expectations with regards to qualified expenditures for flow-through shares;
- the sufficiency of the Corporation's financial resources with which to conduct its capital program;
- whether or not the Corporation can obtain additional capital through equity or debt issuances; and
- the potential impacts of COVID-19.

The forward looking information represents management's views as of the date of this MD&A and such information should not be relied upon as representing our views as of any date subsequent to the date of this document. Management has attempted to identify important factors that could cause actual results to vary from those current expectations or estimates expressed or implied by the forward looking information. However, there may be other factors that cause actual results or performance to differ materially from current estimates and expectations. Other risks and uncertainties include, but are not limited to:

- normal risks common to the mining industry, including various operational risks in the implementation of exploration, development and production operations;
- risks and uncertainties of mining economic geological reserves;
- revisions or amendments to capital expenditure programs, including development and exploitation opportunities;
- the Corporation's ability to attract and retain qualified professional employees and consultants;

- risks as to the availability and pricing of appropriate financing alternatives on acceptable terms;
- potential changes in government policies, rules, approval process changes, delays or enhancements, or income tax regulations;
- economic slow down as a result of COVID-19; and
- Changes in commodity prices.

The preparation of the interim condensed financial statements in accordance with IFRS requires management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues and expenses. Estimating reserves is also critical to several accounting estimates and requires judgment and decisions based on available geological, engineering and economic data. These estimates may change, having either a negative or positive effect on net earnings as further information becomes available, and as the economic environment changes.

Margaux's actual results, performance or achievements could differ materially from those expressed in, or implied in, these forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits, including the amount of proceeds, that Margaux will derive therefrom. Readers are cautioned that the foregoing list of factors is not exhaustive. All subsequent forward-looking statements, whether written or oral, attributable to Margaux or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Furthermore, the forward-looking statements contained in this document are made as of the date of this document and Margaux does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

DESCRIPTION OF THE BUSINESS AND OVERALL PERFORMANCE

The Corporation was incorporated under the Alberta Business Corporations Act on August 5, 2009 and was a Capital Pool Company under Policy 2.4 of the TSX Venture Exchange (the "TSX-V"). In January 2011, the Corporation completed an initial public offering ("IPO") and the Common Shares currently trade on the TSX-V and the OTCQB Venture Market under the trading symbols "MRL" and "MARFF" respectively. The registered address of the Corporation is 15th Floor, Bankers Court, 850 – 2nd St. SW, Calgary, Alberta, T2P 0R8.

The Corporation is a Canadian gold exploration company focused on exploration in British Columbia.

GOING CONCERN

The Corporation incurred a net loss of $202,293 and $1,004,171 for the three and six-months periods ended March 31, 2020 (2019 - $670,318 and $948,006) and had negative cash flows relating to operating activities of $208,555 and $429,978 (2019 - $254,119 and $672,093) and a working capital deficiency (excluding the flow-through share premium liability) of $381,022 (September 30, 2019 – $210,513). As such, there is a material uncertainty related to these events and conditions that may cast significant doubt on the ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. The continuation of the Corporation as a going concern is dependent on the ability of the Corporation to achieve positive cash flow from operations and/or obtain necessary equity or other financing to continue exploration on its exploration and evaluation assets. These interim condensed financial statements do not reflect any adjustments to the carrying values of assets and liabilities, reported expenses, and balance sheet classifications that would be necessary should the Corporation be unable to continue as a going concern, and these adjustments could be material.

The Corporation intends to raise the required funds through the issuance of equity, by securing strategic partners or assuming debt. While the Corporation has been successful in closing private placements in the past, there can be no assurance it will be able to do so again in the future. Subsequent to the period end the Corporation raised $274,995.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a "Public Health Emergency of International Concern" and on March 11, 2020, declared COVID-19 a pandemic. The current and expected impacts on global commerce are anticipated to be far-reaching. To date there have been significant stock market decline and volatility, significant volatility in commodity and foreign exchange markets, restrictions on the conduct of business in many jurisdictions and the global movement of people and some goods have become restricted. There is significant ongoing uncertainty surrounding COVID-19 and the extent and duration of the impacts that it may have on the Corporation's operations. The extent to which the coronavirus impacts the Corporation's results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and actions taken to contain the coronavirus or its impact, among others.

Cassiar Gold Project

On March 25, 2019 the Corporation entered into an Option Agreement with Wildsky Resources Inc. for an option to acquire a 100% interest in the Cassiar Gold Project ("Cassiar Gold Option Agreement") by way of an all-share agreement.

In order to exercise the option, the Corporation must issue 58,200,000 Common Shares, issued at a deemed price of $0.08 per Common Share, for aggregate consideration of $4,656,000. Margaux must also undertake exploration on Cassiar's property and must satisfy certain other conditions as follows:

(a) 5,820,000 shares being issued to Wildsky on receipt of final TSX-V approval of the Cassiar Gold Option Agreement, as fully paid and non-assessable securities (issued);

(b) 11,640,000 shares on the date that is the earlier of (a) six (6) months from the date of the Cassiar Gold Option Agreement, and (b) the receipt of final Exchange approval of the Cassiar Gold Option Agreement (issued);

(c) 17,460,000 Common Shares on the date that is the earlier of (a) twelve (12) months from the date of the Cassiar Gold Option Agreement, and (b) the receipt of final Exchange approval of the Cassiar Gold Option Agreement (issued);

(d) 23,280,000 Common Shares on the date that is the earlier of (a) eighteen (18) months from the date of the Cassiar Gold Option Agreement, and (b) the receipt of final Exchange approval of the Cassiar Gold Option Agreement;

(e) Margaux will expend at least $400,000 on the planning, development and execution of the Cassiar 2019 work program, based on a mutually approved budget;

(f) Six (6) Months after execution of the Cassiar Gold Option Agreement, Wildsky will have the right to appoint one (1) member to the board of directors of Margaux;

(g) Twelve (12) Months after execution of the Cassiar Gold Option Agreement, Wildsky will have the right to appoint an additional person (for a total of two (2) board members) to the board of directors of Margaux;

(h) Twelve (12) Months after execution of the Cassiar Gold Option Agreement, Wildsky will have the right to appoint one person to the senior management team of Margaux, on terms and conditions to be agreed upon by Margaux and Wildsky, acting reasonably; and

(i) Wildsky being granted a 30% net profit interest (the "NPI") on all minerals processed from Cassiar's TM-TSF#1 tailings pond (the "Tailings Pond") located on the Cassiar property, after capital payout of up to $500,000.

During the six months ended March 31, 2020, the Corporation incurred $323,195 (2019 - $nil) of E&E costs on the Cassiar Gold Project.

Sheep Creek Gold District

Bayonne and Sheep Creek Property, British Columbia

On December 23, 2016, the Corporation entered into an option agreement with Yellowstone Resources Ltd. (a private company, based in British Columbia) (the "YSR Agreement") for the acquisition of 100% of the Bayonne and Sheep Creek properties, located in Salmo, British Columbia (collectively, the "YSR Properties").

Under the terms of the YSR Agreement, the Corporation has the exclusive option to acquire the Bayonne property, by making payments to Yellowstone Resources Ltd. of an aggregate $194,000 cash and aggregate issuance of 550,000 Common Shares, paid in several installments. The installments are to be paid as follows:

1) within ten (10) business days of execution of the YSR Agreement, a non-refundable cash payment of $5,000 (paid);

2) within ten (10) business days of completion of title due diligence on the Properties, a cash payment of $9,000 (paid);

3) upon receipt of TSX-V approval, a cash payment of $10,000 and issuance of 50,000 Common Shares (paid and issued);

4) on or before the first anniversary of TSX-V approval, a cash payment of $30,000 and the issuance of 150,000 Common Shares (paid and issued);

5) on or before the second anniversary of TSX-V approval, a cash payment of $60,000 and issuance of 150,000 Common Shares (paid and issued); and

6) on or before the third anniversary of TSX-V approval, a cash payment of $80,000 and issuance of 200,000 Common Shares.

In addition, the Corporation has the exclusive option to acquire the Sheep Creek property by making payments to Yellowstone Resources Ltd. of an aggregate $500,000 cash and aggregate issuance of 1,050,000 Common Shares, paid in several installments as follows:

1) upon receipt of TSX-V approval, a cash payment of $25,000 (paid);

2) on or before six months, following TSX-V approval, a cash payment of $25,000 (paid);

3) on or before the first anniversary of TSX-V approval, a cash payment of $25,000 (paid);

4) on or before eighteen (18) months following, TSX-V approval, a cash payment of $25,000 (paid);

5) on or before the second anniversary of TSX-V approval, a cash payment of $100,000 and issuance of 300,000 Common Shares (paid and issued);

6) on or before the third anniversary of TSX-V approval, a cash payment of $100,000;

7) on or before the fourth anniversary of TSX-V approval, a cash payment of $100,000 and issuance of 300,000 Common Shares; and

8) on or before the fifth anniversary of TSX-V approval, a cash payment of $100,000 and issuance of 450,000 Common Shares.

The Corporation incurred $nil of E&E costs on the Sheep Creek Project during the period ended March 31, 2020 (2019 - $147,840) relating to exploration activity.

Jackpot Project (formerly Kootenay Arc Zinc Project)

During the period ended March 31, 2020, the Corporation terminated the Jackpot Option Agreement. As a result, management impaired the full value of the Jackpot Property in the amount of $515,540

Old Timer Project

During the period ended March 31, 2020, the Corporation terminated the Old Timer Option Agreement. As a result, management impaired the full value of the Old Timer Project in the amount of $39,686.

CORPORATE UPDATES

Summary of 2020 Financing and Securities Matters

- On November 13, 2019, the Corporation issued an aggregate of 17,460,000 common shares of the Corporation satisfying the first and second tranches issuable under the Cassiar Option Agreement. The shares are subject to a four month and one day hold period in accordance with applicable securities always and a subsequent contractual 8 month hold period pursuant to the terms of the Option Agreement, for an aggregate one-year hold period.

- On December 20, 2019, the Corporation closed on a non-brokered private placement of 555,555 units of the Corporation at a purchase price of $0.09 per unit and 5,410,000 flow-through units at a purchase price of $0.10 per unit for total proceeds of $541,000. Each unit consists of one common share and one common share purchase warrant ("Common Warrant"). Each flow-through unit consists of one Common Share issued on a "CEE flow-through" basis pursuant to the Income Tax Act (Canada) and one Flow-Through purchase warrant ("Flow-Through Warrant"). Each Common Warrant will entitle the holder to acquire one Common Share (each a "Warrant Share") at an exercise price of $0.15 per Warrant Share and each Flow-Through Warrant will entitle the holder to acquire one Warrant Share at an exercise price of $0.17 per Warrant Share until that date that is 24 months from the closing date of the Offering, subject to accelerated expiry, if the 20-day Volume Weighted Average Price of the Common Shares on the TSXV exceeds $0.25 per Common Share.

- On January 3, 2020 the Corporation announced it retained Mackie Research Capital Corporation to initiate its market making service to provide market making services to the Corporation in compliance with the policies and guidelines of the TSXV and other applicable legislation.

  Mackie will trade shares of Margaux on the TSXV for the purposes of maintaining a reasonable market and improving the liquidity of Margaux's common shares. The agreement between Mackie and the Company is for a minimum one-year term and the Company has agreed to pay Mackie $5,000 per month during the term, payable quarterly in advance. After the one-year period, the engagement may be terminated by either party with written notice of 60 days. The Company and Mackie act at arm's length, but Mackie may provide investment banking services to Margaux and Mackie and/or its clients may have an interest, directly or indirectly, in the securities of Margaux. The agreement is principally for the purposes of maintaining market stability and liquidity for the Company's common shares and is not a formal market making agreement. There are no performance factors contained in the agreement between Mackie and the Company and Mackie will not receive any shares or options from the Company as compensation for services it will render.

- On March 25, 2020, the Corporation issued an aggregate of 17,460,000 common shares of the Corporation satisfying the third tranche issuable under the Cassiar Option Agreement. The shares are subject to a four month and one day hold period in accordance with applicable securities always and a subsequent contractual 8 month hold period pursuant to the terms of the Option Agreement, for an aggregate one-year hold period.

- On March 2, 2020, Stephen J.J. Letwin joined the Corporation's Board of Director's.

SUBSEQUENT EVENTS

On April 28, 2020, the Corporation closed its first tranche of a non-brokered private placement of 3,571,500 units of the Corporation at a purchase price of $0.07 per unit for aggregate proceeds of $250,005. Each unit consists of one common share and one common share ("Common Share") and one purchase warrant ("Warrant"). Each Warrant entitles the holder to acquire one Common Share ("Warrant Share") at an exercise price of $0.12 per Warrant Share until that date that is 24 months from the closing date of the Offering, subject to accelerated expiry, if the 20-day Volume Weighted Average Price of the Common Shares on the TSXV exceeds $0.20 per Common Share

On May 19, 2020, the Corporation closed its second tranche of a non-brokered private placement of 357,000 units of the Corporation at a purchase price of $0.07 per unit for aggregate proceeds of $24,990. Each unit consists of one common share and one common share ("Common Share") and one purchase warrant ("Warrant"). Each Warrant entitles the holder to acquire one Common Share ("Warrant Share") at an exercise price of $0.12 per Warrant Share until that date that is 24 months from the closing date of the Offering, subject to accelerated expiry, if the 20-day Volume Weighted Average Price of the Common Shares on the TSXV exceeds $0.20 per Common Share.

HIGHLIGHTS

	Three months ended March 31, 2020	Three months ended March 31, 2019	**Six months ended March 31, 2020**	Six months ended March 31, 2019
Net Revenues	**$ -**	$ -	**$ -**	$ -
Cash related to financing activities	**-**	400,000	**658,245**	1,126,849
Cash flows relating to operating activities	**(208,555)**	(254,119)	**(429,978)**	(672,093)
Net loss	**(202,293)**	(670,318)	**(1,004,171)**	(948,006)
Loss per share - basic and diluted	**(0.00)**	(0.01)	**(0.01)**	(0.01)

As at,	**March 31, 2020**	**March 31, 2019**	September 30, 2019
Total assets	**$ 5,586,341**	$ 2,601,821	$ 3,193,732
Current assets	**74,509**	342,745	202,473
Current liabilities	**556,465**	357,549	412,986
Working capital deficiency (excluding flow-through share liability)	**(381,022)**	(14,804)	(210,513)
Common shares outstanding	**133,718,911**	75,080,867	92,833,356

SUMMARY OF QUARTERLY RESULTS

The following table summarizes the Corporation's quarterly financial results:

	March 31		**December 31**		**September 30**		**June 30**	
Three-month periods ended,	**2020**	2019	**2019**	2018	**2019**	2018	**2019**	2018
Expenses								
General and administrative	**$ 191,665**	$ 233,935	**$ 212,731**	$ 251,424	**$ 339,388**	$ 291,825	**$ 261,891**	$ 243,673
Operating	**15,413**	20,711	**14,120**	19,391	**16,613**	(197,419)	**18,970**	16,942
Depreciation	**7,648**	8,676	**7,648**	8,675	**14,467**	9,607	**8,676**	10,606
Share based compensation	**39,853**	37,331	**39,853**	37,331	**178,617**	200,280	**34,790**	36,567
Loss before other items	**$ 254,579**	$ 300,653	**$ 274,352**	$ 316,821	**$ 549,085**	$ 304,293	**$ 324,327**	$ 307,788
Interest on note payable	**4,500**	1,050	**3,930**	-	**3,150**	-	**3,150**	-
Flow through share premium	**(56,786)**	-	**(31,630)**	(39,133)	**(127,492)**	(234,747)	**(67,668)**	(102,513)
Impairment	**-**	368,615	**555,226**	-	**20,497**	6,290,357	**-**	-
Net loss from Operations	**$ 202,293**	$ 670,318	**$ 801,878**	$ 277,688	**$ 445,240**	$ 6,359,903	**$ 259,809**	$ 205,275
Loss per share – basic and diluted	**$ 0.01**	$ 0.10	**$ 0.01**	$ 0.10	**$ 0.00**	$ 0.10	**$ 0.00**	$ 0.00

DISCUSSION OF OPERATIONS

The Corporation is focused on the exploration of gold in British Columbia. The Corporation's general and administrative expenses decreased to $191,665 and $404,396 from the 2019 comparative amounts of $233,935 and $485,359. The decrease in general and administrative expenses is a result of decreased consultants, travel, marketing and professional fees related to the business of the Corporation for the three and six-months periods ended March 31, 2020.

General and administrative details for the three and six-months periods ended March 31, 2020:

	3 Months		6 Months	
	2020	2019	**2020**	2019
Consulting	$ 109,586	$ 143,317	$ 232,226	$ 291,680
Travel & Meals	22,639	13,399	49,221	26,899
Office & Administrative	9,076	6,790	16,029	12,692
Marketing	25,570	44,896	49,490	80,417
Professional Fees	24,794	25,533	57,430	73,671
Total	**$ 191,665**	$ 233,935	**$ 404,396**	$ 485,359

General and administrative expenses decreased in the three and six-months periods ended March 31, 2020 and 2019 over the prior comparative year principally due to the net effect of the following:

- Consulting fees decreased to $109,586 and $232,226 (2019 - $143,317 and $291,680) as a result of decreased fees paid to consultants;
- Marketing fees decreased to $25,570 and 49,490 (2019 – $44,896 and $80,417) as a result of decreased Marketing expenses and consultants; and
- Professional fees decreased to $24,794 and $57,430 (2019 - $25,533 and $73,671) mainly as a result due to decreased legal fees.

Operating

The Corporation incurred operating costs of $15,413 and $29,533 for the three and six-months periods ended March 31, 2020 (2019 - $20,711 and $40,102). The decrease for the three and six-months periods ended March 31, 2020 is a result of reduced costs related to exploration activity at the Corporation's properties.

Total expenses

Total expenses for the three and six-months periods ended March 31, 2020 was $254,579 and $528,931 (2019 - $300,653 and $617,474). The decrease for the three and six-months periods ended March 31, 2020 is a result of cost savings measures which resulted in decreased general and administrative expenses.

FINANCIAL INTRUMENTS, LIQUIDITY AND CAPITAL RESOURCES

The Corporation's financial instruments, consisting of cash, GST receivables, trade payables and notes payable, approximate fair values due to the relatively short-term maturities of the instruments. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The Corporation's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions and to maintain the development program for Corporation's properties. To secure the additional capital necessary to pursue these plans, the Corporation may attempt to raise additional funds through the issuance of equity, by securing strategic partners or assuming debt.

The Corporation is exposed to liquidity risk. Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

As at March 31, 2020, the Corporation had cash and cash equivalents of $40,303 compared with $134,130 at September 30, 2019. The Corporation continues to experience negative operating cash flow as a result of no revenue coupled with the Corporation's ongoing expenses related to its exploration and business development activities. The Corporation anticipates a negative operating cash flow will continue until such time as production begins on its existing properties.

Certain conditions exist that may cast significant doubt on the validity of the going concern assumption. The Corporation incurred a net loss of $202,293 and $1,004,171 for the three and six-months periods ended March 31, 2020 (2010 - $670,318 and $948,006) and had negative cash flows relating to operating activities of $208,555 and $429,978 (2019 - $254,119 and $672,093) and a working capital deficiency (excluding the flow-through share premium liability) of $381,022 (September 30, 2019 – $210,513). As such, there is a material uncertainty related to these events and conditions that may cast significant doubt on the ability to continue as a going concern and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. The continuation of the Company as a going concern is dependent on the ability of the Company to achieve positive cash flow from operations and/or obtain necessary equity or other financing to continue exploration on its exploration and evaluation assets. These interim condensed financial statements do not reflect any adjustments to the carrying values of assets and liabilities, reported expenses, and balance sheet classifications that would be necessary should the Corporation be unable to continue as a going concern, and these adjustments could be material.

The Corporation defines capital to include equity, comprised of share capital including warrants, contributed surplus and deficit.

OFF-BALANCE SHEET ARRANGEMENTS

The Corporation has not engaged in any off-balance sheet arrangements such as obligations under guarantee contracts, a retained or contingent interest in assets transferred to an unconsolidated entity, any obligation under derivative instruments or any obligation under a material variable interest in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to the Corporation or engages in leasing or hedging services with the Corporation.

PROPERTY AND EQUIPMENT

	Computers, Equipment & Vehicles $
Cost	
Balance as at September 30, 2019	260,286
Additions	-
Balance as at March 31, 2020	**260,286**
Accumulated Depreciation	
Balance as at September 30, 2019	131,219
Charge for the period	15,296
Balance as at March 31, 2020	146,515
Net book value	
September 30, 2019	129.067
March 31, 2020	**113,771**

EXPLORATION AND EVALUATION ASSETS

	Jackpot Project	Sheep Creek Gold District Project	Old Timer Project	Cassiar Gold Project	Total
Balance at September 30, 2019	$515,540	$1,555,525	$39,686	$701,141	$2,811,892
Cash option payments	-	-	-	-	-
Share option payments	-	-	-	2,793,600	2,793,600
Exploration costs	-	-	-	323,195	323,195
Impairment	(515,540)	-	(39,686)	-	(555,226)
Balance at March 31, 2020	$ -	$ 1,55,525	$ -	$ 3,817,936	$ 5,373,461

E&E assets consist of costs expended on the Corporation's projects which are pending determination of technical feasibility and commercial viability.

RELATED PARTY TRANSACTIONS

Except as disclosed elsewhere, all related party transactions are in the normal course of operations.

As at March 31, 2020, the Corporation had an amount of $nil (2019 - $42,626) due to directors and officers included in trade and other payables.

As at March 31, 2020, the Corporation had an amount of $223,650 (2019 - $nil) due to directors and officers included in notes payable.

During the three and six-months periods ended March 31, 2020 the Corporation paid $25,200 and $40,950 (2019 - $37,500 and $75,000) to an officer for compensation as Vice President Exploration of the Corporation.
Costs associated with exploration costs of $681 and $681 (2019 - $1,911 and $3,601) was paid to an officer of the Corporation and was capitalized as exploration costs.

An aggregate of $22,500 and $45,000 (2019 - $17,500 and $37,500) in consulting fees was paid to a company owned by an officer of the Corporation for compensation as CFO.

An aggregate of $45,000 and $100,000 (2019 - $60,000 and $122,500) in consulting fees were paid to a company owned by a director and officer of the Corporation for compensation as CEO of the Corporation. Costs associated with various administrative support costs of $nil and $2,401 (2019 - $nil and $235) was also reimbursed to a director and officer of the Corporation and was recorded in general and administrative expenses on the net loss and comprehensive loss.

Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the year were as follows:

	3 Months		**6 Months**	
	2020	**2019**	**2020**	**2019**
Short-term compensation	$ 92,700	$ 115,000	$ 185,950	$ 235,000
Share-based payments	39,859	37,331	79,706	74,662
Capitalized share-based payments	550	3,549	1,100	7,098
Total	**$ 133,109**	**$155,880**	**$ 266,756**	**$ 316,760**

OUTSTANDING SHARES

The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares, all without nominal or par value. The preferred shares may be issued in one or more series and the directors are authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions, and conditions attached to the shares of each series. No preferred shares have been issued by the Corporation.

Common Shares

	Number of common shares	Share capital
Balance at September 30, 2019	92,833,356	$13,853,396
Shares issued (b)	5,965,555	591,000
Share option payments (a)(c)	34,920,000	2,793,600
Share issue costs		(22,755)
Warrant Allocation		(247,911)
Flow-through share discount		(189,350)
Balance at March 31, 2020	**133,718,911**	**$16,777,980**

Warrants

	Number of warrants	Share capital
Balance at September 30, 2019	29,224,387	$1,446,356
Warrants issued (b)	5,965,555	247,911
Warrants expired	(2,888,798)	(495,418)
Balance at March 31, 2020	**32,301,144**	**$1,198,849**

Total share capital at September 30, 2019	$15,299,752
Total share capital at March 31, 2020	**$17,976,829**

(a) On November 13, 2019, the Corporation issued an aggregate of 17,460,000 common shares of the Corporation satisfying the first and second tranches issuable under the Cassiar Option Agreement. The shares are subject to a four month and one day hold period in accordance with applicable securities always and a subsequent contractual 8 month hold period pursuant to the terms of the Option Agreement, for an aggregate one-year hold period.

(b) On December 20, 2019, the Corporation closed on a non-brokered private placement of 555,555 units of the Corporation at a purchase price of $0.09 per unit and 5,410,000 flow-through units at a purchase price of $0.10 per unit for total proceeds of $591,000. Each unit consists of one common share and one common share purchase warrant ("Common Warrant"). Each flow-through unit consists of one Common Share issued on a "CEE flow-through" basis pursuant to the Income Tax Act (Canada) and one Flow-Through purchase warrant ("Flow-Through Warrant"). Each Common Warrant will entitle the holder to acquire one Common Share (each a "Warrant Share") at an exercise price of $0.15 per Warrant Share and each Flow-Through Warrant will entitle the holder to acquire one Warrant Share at an exercise price of $0.17 per Warrant Share until that date that is 24 months from the closing date of the Offering, subject to accelerated expiry, if the 20-day Volume Weighted Average Price of the Common Shares on the TSXV exceeds $0.25 per Common Share. A value of $241,911 has been attributed to the warrants issued. The fair value of these warrants was estimated using the Black-Scholes option pricing model based on the date of grant using the following assumptions:

Risk-free rate	1.67%
Weighted-average life	2 years
Dividend yield	nil
Annualized Volatility	167%
Weighted-average fair value	$0.04
Expected Life	2 years

(c) On March 25, 2020, the Corporation issued an aggregate of 17,460,000 common shares of the Corporation satisfying the third tranche issuable under the Cassiar Option Agreement. The shares are subject to a four month and one day hold period in accordance with applicable securities always and a subsequent contractual 8 month hold period pursuant to the terms of the Option Agreement, for an aggregate one-year hold period.

FLOW-THROUGH SHARES

During the three and six-months periods ended March 31, 2020, the Corporation raised $541,000 on a CEE flow-through share basis and was required to incur a net total of $541,000 of qualifying expenditures to renounce the tax deductions to investors. As at March 31, 2020, $252,619 of qualifying expenditures were incurred. The Corporation still needs to incur an additional $288,381 to meet its flow through share commitment. A flow-through share liability of $157,720 was recognized as the Corporation has not met its flow-through share commitment by incurring sufficient qualifying expenditures as at March 31, 2020. The accumulated flow-through share premium of $56,786 was amortized during the period ended March 31, 2020.

STOCK OPTION PLAN

The Corporation has adopted an incentive stock option plan in accordance with the policies of the TSX-V (the "Stock Option Plan") which provides that the Board of Directors of the Corporation may from time to time, at its discretion, grant to directors, officers, employees and consultants of the Corporation non-transferable options to purchase Common Shares, provided that the number of Common Shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the issued and outstanding Common Shares exercisable for the period of up to ten (10) years. In addition, the number of Common Shares reserved for issuance to any one person shall not exceed five percent (5%) of the issued and outstanding Common Shares and the number of Common Shares reserved for issuance to any one consultant will not exceed two percent (2%) of the issued and outstanding Common Shares. The Board of Directors determines the price per Common Share and the number of Common Shares which may be allocated to each director, officer, employee and consultant and all other terms and conditions of the option, subject to the rules of TSX-V.

All options expire in five years and vest one-third immediately and one-third on the first and second anniversaries on the grant date respectively.

A summary of the Corporation's stock option plan activity is as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding at September 30, 2019	8,260,000	$0.19
Exercisable as at March 31, 2020	**5,163,323**	**$0.23**
Outstanding at March 31, 2020	**8,260,000**	**$0.19**

No options were issued during the three and six-months periods ended March 31, 2020. At March 31, 2020, the weighted-average life of the options outstanding was 2.3 years (2019 – 2.6 years).

Share-based payments expense of $39,853 and $79,706 for the three and six-months periods ended March 31, 2020 (2019 – $37,331 and $74,662) was recognized based on the estimated fair value of the options on the grant date in accordance with the fair value method of accounting for share-based payments and recorded over the vesting period of the options. Share-based payments of $550 and $1,100 (2019 - $3,549 and $7,098) were capitalized to E&E.

CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management of the Corporation is responsible for establishing and maintaining appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, reliable and timely. Management is also responsible for the design and evaluation of internal controls over financial reporting to provide sufficient knowledge to support the representations made in this MD&A and interim condensed financial statements three and six-months periods ended March 31, 2020 and 2019.

Management of the Corporation has filed the Venture Issuer Basic Certificate with the filings three and six-months periods ended March 31, 2020 and 2019 on SEDAR at www.sedar.com.

In contrast to the certificate required under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the venture issuer basic certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing certificates for venture issuers are not making any representations relating to the establishment and maintenance of:

(i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and

(ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with the issuer's generally accepted accounting principles.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.

CRTITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of the audited financial statements is in conformity with IFRS. Preparing the audited financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Management continually evaluates these judgments, estimates and assumptions based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates. Note 4 of the Corporation's September 30, 2019 audited financial statements provide greater detail regarding all of the significant accounting policies.

BUSINESS RISKS AND UNCERTAINTIES

The Corporation's production and exploration activities are concentrated in Western Canada where activity is highly competitive and includes companies ranging from smaller junior producers to the much larger integrated petroleum and mining companies. The Corporation is subject to various types of business risks and uncertainties, including:

- Finding and developing mineral reserves at economic costs
- Commodity risk
- Production of minerals in commercial quantities
- Marketability of minerals produced
- Substantial capital requirements and access to capital markets
- Environmental risks
- Reliance on operators and key employees
- Third party credit risk
- Insurance
- Changes in legislation and incentive programs
- Potential impacts of COVID-19

The Corporation is not in a position to predict these risks or uncertainties, nor evaluate their impact, as the case may be, on its activities. The following summary of risks and uncertainties applicable to the Corporation are not comprehensive, and there may be other factors, or a combination of factors, that can cause actual results to differ from those presented in the Corporation's forward-looking statements.

The spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The Corporation has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the three and six-months periods ended March 31, 2020 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

Commodity Risk

The value of the Corporation's exploration and evaluation of assets are related to the price of gold and other mineral commodities, and the outlook for the minerals. The Corporation's business could be affected by commodity market price movements and their impact on the future economic viability of the Corporation's projects and the ability of the Corporation to raise capital. These market risks are evaluated by monitoring changes in key economic indicators and market information on an on-going basis and adjusting operating and exploration budgets accordingly.

Exploration Risk

The Corporation operates as a mineral explorer in the mining industry which involves considerable financial and technical risk. Substantial time and expenditures are usually required to make discoveries and to establish economic reserves. It is impossible to ensure that the current properties and programs of the Corporation will result in economic discoveries and development. Accordingly, success in achieving the objectives of the Corporation is affected by some circumstances over which the Corporation has no control.

In order to reduce exploration risk, the Corporation strives to employ highly qualified and motivated professional employees with a demonstrated ability to generate quality proprietary geological and geophysical prospects. To help maximize drilling success, the Corporation combines exploration in areas that afford multi-zone prospect potential, targeting a range of low to moderate risk prospects with some exposure to select high risk, high reward opportunities.

Additional Financing

The business of the Corporation depends, in part, on its ability to raise funds by issuing securities of the Corporation. The Corporation is exposed to financing risks such as not being able to raise sufficient funds to meet the required option payments on the Corporation's properties. To mitigate this risk, the Corporation has intermediaries with valuable commercial relationships actively searching for ways to raise funds. The Corporation intends to raise the required funds through issuance of equity by securing strategic partners or assuming debt. The exercise of stock options, as well as any new equity financings, represent dilution factors for present and future shareholders.

Credit Risk

Credit risk is the risk that a customer or counter party will fail to perform an obligation or fail to pay amounts due causing a financial loss. The Corporation's credit risk is primarily attributable to cash and trade and other receivables which are with customers and are subject to normal credit risks.

Credit risk associated with cash is minimized substantially by ensuring that these financial assets are placed with major Canadian financial institutions.

The Corporation's maximum exposure for the period ended March 31, 2020 relates to $40,303 (September 30, 2019 – $134,130) of cash and $18,348 (September 30, 2019 – $29,243) of trade receivables for period ended March 31, 2020. Trade receivables consisted to goods and services tax owed to the Corporation.

Liquidity Risk

Liquidity risk rises from the Corporation's general funding needs and in the management of the Corporation's assets, liabilities and mineral property expenditure requirements. The Corporation manages its liquidity risk to maintain sufficient liquid financial resources to meet its commitments and obligations as they come due in a cost-effective manner.

Environmental Risks

Mining can involve environmental risks such as pollution of the environment and destruction of natural habitat, as well as safety risks such as personal injury. In order to mitigate such risk, the Corporation conducts its operations at high standards and follows safety procedures intended to reduce the potential for personal injury to employees, contractors and the public at large.

The Corporation mitigates its risk related to producing hydrocarbons and minerals through the utilization of the most appropriate technology and information systems. In addition, the Corporation seeks to maintain operational control of the majority of its prospects.

Management and Employees

The Corporation depends on the skills and experience of its management team and other key employees. The Corporation also relies on its ability to attract and retain skilled personnel in a competitive environment. A failure to recruit and retain employees in order to assist the Corporation's business may adversely affect the Corporation's business or financial condition.

Directors and Officers

H. Tyler Rice, CEO, President, and Director
Don Nguyen, CFO
Kaesy Gladwin, Vice-President of Exploration
James Letwin, Director and Chairman
Doug Foster, Director
Stephen Letwin, Director
Christopher Stewart, Director