



**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE SIX MONTHS ENDED JUNE 30, 2019**

**AUGUST 28, 2019**

**Description of Management Discussion and Analysis**

The purpose of this Management's Discussion and Analysis ("MD&A") is to explain management's point of view regarding the past performance and future outlook of InZinc Mining Ltd. (the "Company"). This report also provides information to improve the reader's understanding of the condensed interim consolidated financial statements and related notes for the six months ended June 30, 2019 and 2018 as well as important trends and risks affecting the Company's financial performance, and should therefore be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2018. Those financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. All amounts in the financial statements and in this discussion and analysis are expressed in Canadian dollars, unless otherwise indicated. The following discussion is dated and current as of August 28, 2019. This MD&A contains forward-looking information and statements which are based on the conclusions of management. The forward-looking information and statements are only made as of the date of this MD&A.

The Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that these filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by these filings, and these financial statements together with the other financial information included in these filings. The Board of Directors' approves the Financial Statements and MD&A and ensures that management has discharged its financial responsibilities. The Board's review is accomplished principally through the Audit Committee, which meets periodically to review all financial reports, prior to filing.

All amounts are stated in Canadian dollars unless otherwise indicated. Additional information on the Company is available on SEDAR and at the Company's website, [www.inzincmining.com](http://www.inzincmining.com).

**Forward-Looking Statements**

Certain disclosures contained in this MD&A may constitute forward-looking information. This is information regarding possible events, conditions or results of operations of the Company that is based upon assumptions about future economic conditions and courses of action which is inherently uncertain. All information other than statements of historical fact may be forward-looking information.

Forward-looking information is subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation, risks and uncertainties relating to the interpretation of drill results and the estimation of mineral resources, the geology, grade and continuity of mineral deposits and the possibility that future exploration and development results will not be consistent with the Company's expectations. Some other risks and factors which could cause results to differ materially from those expressed in the forward-looking information contained in this MD&A are described under the heading "Risks and Uncertainties".

Readers are cautioned that any such listings of risks are not, and in fact cannot be, complete. Although the Company has attempted to identify important factors that could cause actual events and results to differ materially from those described in the forward-looking information, there may be other factors that cause events or results to differ from those intended, anticipated or estimated. The Company believes the expectations reflected in the forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A.

The forward-looking information contained in this MD&A is provided as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law. All of the forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

## Description of Business

The Company is incorporated under the Canada Business Corporations Act and is listed on the TSX Venture Exchange ("TSX-V") under the trading symbol IZN. It was renamed from Lithic Resources Ltd. on February 18, 2014. The principal business of the Company is the acquisition, exploration and development of mineral properties ("exploration and evaluation assets"), either solely or through joint ventures and options.

To date the Company has not generated any revenues.

## Discussion of Operations

The Company currently holds three active mineral properties at varying stages of exploration and advancement. The Company's West Desert Zinc Property (100% interest) ("West Desert"), formerly known as the Crypto Zinc Property, is located in western Utah and the early stage Indy Zinc Property (100% option) ("Indy") is located in central British Columbia. Both properties are well located for potential development with proximal access to power, roads and rail infrastructure. In 2018, the Company staked 126 claims comprising the PX property (100% interest) ("PX"), located near West Desert. In addition to exploring its existing properties, the Company is engaged in a continuing review of other properties and projects for possible acquisition.

In 2014, the Company announced the results of a positive Preliminary Economic Assessment ("PEA") on the Company's West Desert ("WD") deposit located approximately 160 km south west of Salt Lake City, Utah. The PEA, based on conventional bulk underground mining and processing, estimated an after-tax NPV (8%) of US\$258 million and IRR of 23% over a 15-year mine life assuming base case long term metal prices (*US\$; zinc = \$1 /lb, copper = \$3 /lb, iron = \$105 /t, indium = \$600 /kg, silver = \$21 /oz, gold = \$1,300 /oz*). The 2014 PEA outlined an indicated resource of 13.0 million tonnes grading 2.16% zinc, 0.23% copper, 33 g/t indium and 48% magnetite, plus an inferred resource of 46.0 million tonnes grading 1.76% zinc, 0.22% copper, 24 g/t indium and 48% magnetite. The 2014 PEA highlighted continued exploration as an integral part of further work leading to a Prefeasibility Study at West Desert.

For additional information on the West Desert PEA please refer to the Company's press release dated April 1, 2014 and the Company's report entitled "Technical Report on the West Desert Zinc-Copper-Indium-Magnetite Project, Preliminary Economic Assessment, Juab County, Utah" at [www.inzincmining.com](http://www.inzincmining.com) or [www.sedar.com](http://www.sedar.com).

Indy is located approximately 100 km southeast of the city of Prince George, the major hub for transportation and heavy industry in central BC. The property consists of approximately 11,000 hectares covering a 25 km strike of Cambrian to Mississippian aged sedimentary rock formations prospective for zinc deposits.

West Desert, Indy, and PX are at the exploration stage and have not generated any revenues. At June 30, 2019, the Company had not yet achieved profitable operations and has a deficit of \$9,199,514 (December 31, 2018 - \$9,081,557).

Since the Company's properties are at the exploration stage, it does not have operations or operating results in the conventional use of the terms. The Company's financial success will ultimately be dependent upon finding economically recoverable mineral reserves, confirmation of its interest in those reserves and its ability to obtain the necessary financing to profitably produce those reserves. Further information on the Company's properties can be found on the Company's website at [www.inzincmining.com](http://www.inzincmining.com).

## Mineral Properties

### West Desert

In May of 2005, the Company signed an agreement to purchase a 100% interest in the Property from EuroZinc Mining Corporation ("EuroZinc") in exchange for 1,500,000 shares and \$25,000 in cash. Certain claims comprising the Property are subject to a 1.5% net smelter returns royalty ("NSR") and a future cash payment (\$1,000,000 upon completion of financing necessary for production) currently held by Osisko Gold Royalties Ltd. (formerly Vaaldiam Mining Ltd). Since the 2005 acquisition from EuroZinc, the Company has acquired, either wholly or in part, several additional claims.

West Desert comprises 4,258 acres and is located about 160 km southwest of Salt Lake City, Utah. Early mining activity includes the historic Fish Springs Mining District from which recorded production of 2,700,000 oz of silver occurred from the late 19th century through the mid-1950's. The WD deposit was discovered in the 1960's and was originally explored for its iron potential. Drilling campaigns in the 1980's, 1990's and by the Company in 2007 - 2008 have subsequently outlined the large zinc resources currently hosted in the WD deposit. The property is crossed by a power-line, is easily accessible by road and has railheads within 90 km.

The WD deposit is a significant carbonate replacement deposit, similar in many respects to the deposits comprising the world class Bingham, Park City and Tintic mining districts located some 130 km to the east. Zinc mineralization at West Desert is concentrated in two contiguous zones, known as the Main and Deep (CRD) Zones hosted in a sequence of Cambrian to Ordovician carbonate rocks cut by a quartz monzonite intrusive of Late Eocene age. The Main zone is generally oxidized to a maximum depth of about 250 m. The general distribution of mineralization on the West Desert property shows zoning similar to that in typical porphyry/CRD systems, with an inner zone of molybdenum-rich mineralization grading outwards through copper and zinc, then lead, silver and manganese with increasing distance from the intrusive.

Various historic workings in the Fish Springs District were developed on high grade silver-lead replacement deposits controlled by structures and occur to the east of the WD deposit. Total production in the district, in which the single largest mine by far was the Utah Mine, is recorded at about 20,300 tons grading 128 ounces silver per ton (4,389 gpt) and 44% lead. High grade intercepts of silver-rich replacement style mineralization have been encountered in drilling outside of the historical mine area.

From 2006 to 2010, the Company completed geophysical surveys, metallurgical studies and over 10,000 m of diamond drilling. In September 2010 the Company completed a PEA of the West Desert project. In 2014, the Company completed a revised PEA of the West Desert project which supersedes all earlier reports.

### *Highlights of 2014 PEA*

- After-tax NPV (8%) of US\$258 million, IRR of 23% and payback of 3.7 years assuming base case long term metal prices (US\$; zinc = \$1 /lb, copper = \$3 /lb, iron = \$105 /t, indium = \$600 /kg, silver = \$21 /oz, gold = \$1,300 /oz)
- conventional bulk underground mining of sulphide resources
- 2.37 million tonnes per year mined over a 14.8-year mine life
- conventional processing to produce three clean concentrates
- zinc recoveries of 92% into a concentrate grading 55% zinc and containing high levels of indium
- copper recoveries of 74% into a concentrate grading 29% copper with payable levels of silver and gold
- average annual production of 107.9 million lbs zinc, 9.9 million lbs copper and 1.0 million tonnes iron concentrate (magnetite)
- initial and life-of-mine capex of US\$247.4 million and US\$388.9 million, respectively
- good potential for resource expansion

## Mineral Properties (cont'd...)

### West Desert (cont'd...)

For additional information on the West Desert PEA please refer to the Company's press release dated April 1, 2014 and the Company's report entitled "Technical Report on the West Desert Zinc-Copper-Indium-Magnetite Project, Preliminary Economic Assessment, Juab County, Utah" at [www.inzincmining.com](http://www.inzincmining.com) or [www.sedar.com](http://www.sedar.com).

*Note: The PEA is considered preliminary in nature. It includes Inferred mineral resources that are considered too speculative to have the economic considerations applied that would enable classification as mineral reserves. There is no certainty that the conclusions within the PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.*

### *Silver Potential*

Known silver mineralization on the property includes numerous surface occurrences and past producing mines collectively described as the historic Fish Springs Mining District. The district included several operations including the Utah Silver mine, which produced 2.7 million ounces of silver, operated from 1860 until 1950 and is centered 650 m east of the WD deposit. Silver is not currently included in the 2014 PEA resources comprising the WD deposit.

### *2018 Programs*

In April 2018, the Company commenced diamond drilling. Geophysical surveys, completed in January 2018, supported target selection and corresponding drill hole locations over the exploration area.

On June 6, 2018 and August 27, 2018, the Company reported results of the drill program. The Company completed five deep holes totaling 3,279 m which focused on exploration and expansion of the large zinc resources outlined in the West Desert PEA.

### *Highlights of the 2018 Drill Program*

- Drill hole WD18-01, drilled west of the existing deposit, intersected a thick interval of 15.4 m of 6.3% Zn, 0.1% Cu and 67 g/t In at 340 m below surface and approximately 60 m west of the known boundary of the existing sulphide resources.
- WD18-05, drilled below WD18-01, intersected shallow, high grade sulphide mineralization over 6.8 m averaging 16.5% Zn, 0.3% Cu, 60 g/t In and 14 g/t Ag at a downhole depth of 142 m. The hole was drilled to the west of existing sulphide resources.
- WD18-02, drilled to the east of the existing resources and 400 m to the east of WD18-01, intersected multiple, narrow high grade zones including 1.5 m of 11.6% Zn, 0.1% Cu, 4 g/t In and 53 g/t Ag and established the eastward expansion potential of the CRD (Deep) zone by 175 m to the east.
- WD18-03, drilled 1.27 km to the east of WD18-01, intersected high grade silver mineralization 320 m beneath the historic Utah silver mine with a narrow intercept of 0.3 m of 1,402 g/t Ag, 1.2g/t Au and 44.5% Pb.
- WD18-04, drilled 120 m to the west of WD18-01, intersected 1.8 m of 8.6% Zn and 339 g/t In at 206.7 m downhole in a thick oxidized interval suggestive of deeper sulphide mineralization below.

The Company has received the necessary permits to complete an additional phase of drilling which is designed target the thicker higher grade western expansion potential discovered in the 2018 program.

### *2019 Expenditure Requirements*

An estimated total of US\$34,000 is required in 2019 to keep the claims and leases comprising the West Desert property in good standing.

## Mineral Properties (cont'd...)

### Indy

On January 26, 2017, the Company received TSX-V approval to enter into an option agreement to acquire a 100% interest in Indy from Pac Shield Resources Inc. ("PSR"), a private British Columbia company. Indy is located approximately 100 km southeast of the city of Prince George, British Columbia. The property is 85 km south of the CNR transcontinental railway and 65 km south of the Yellowhead highway at elevations ranging from 950 m to 1300 m. The property is accessed by well-maintained Forest Service roads.

Pursuant to the agreement with PSR, the Company has the option to earn a 100% interest over a five year period by making staged cash payments totaling \$305,000 (\$80,000 paid to date), issuing an aggregate of 2,100,000 shares (700,000 issued to date) and completing work commitments of \$2,600,000 (first and second year work commitments totalling \$275,000 have been completed). In addition, a \$500,000 cash payment and the issuance of 500,000 shares of the Company will be made to PSR if the Company files a technical report establishing a 500,000,000 pound zinc resource on the property. A further \$500,000 cash payment will be made to PSR should the Company file a technical report establishing a 750,000,000 pound zinc resource on the property. The property is subject to a 1.0% NSR held by PSR (the "PSR NSR") and a 1.5% NSR held by Kerry Curtis, a director, Chairman of the Board and former interim Chief Executive Officer of the Company, and a director and the controlling shareholder of PSR. On exercise of the option and prior to completion of a feasibility study on the property, the Company has the right to purchase the PSR NSR for \$1,500,000.

The Indy Project comprises claims (11,000 Ha) covering a 25 km continuous strike of sedimentary rock sequences spanning the Cambrian to Mississippian; a geological period known to host many of the major western Canadian zinc deposits. At least four large multi-element geochemical anomalies, at early stages of definition and exploration, occur on the property.

Activity in the area was first recorded by Kennco who between 1980 and 1982 completed mapping and soil geochemistry resulting in the definition of three large zinc-lead-silver geochemical anomalies over a 6.5 km trend. This was followed by four diamond drill holes on two selected geochemical targets.

In 1988, Cominco optioned the property from Kennco and completed soil geochemistry programs outlining a fourth anomaly on the property (Anomaly A). Five shallow, wide-spaced diamond drill holes drilled by Cominco in 1989 targeted a portion of a high contrast soil anomaly (Anomaly B). All five holes intersected mineralization at estimated vertical depths less than 100 m over a 450 m long trend. Drill intersections ranged from 1.5 m to 19.7 m, grading from 1.9% to 8.9% zinc, 1.0 g/t to 55.6 g/t silver and 0.04% to 2.4% lead. True widths of these intersections are not known and in some cases core recoveries were less than 50%.

Cominco returned the property to Kennco post 1991, after which only minor activities are recorded.

From June to August of 2017, the Company completed geochemical surveys, geological mapping and prospecting in the Anomaly B and C areas, two of four high priority areas occurring at Indy.

Additional geochemical surveys were completed in mid-August 2018, prior to an initial diamond drill program (1270 m in eleven drill holes) which was completed in September 2018. The program focused on testing anomalous soil geochemistry with shallow drill holes located in the southern portion of Anomaly B. There is no rock outcrop exposure in this area.

## Mineral Properties (cont'd...)

### Indy (cont'd...)

In November 2018, the company announced the discovery of shallow, high grade zinc sulphide mineralization in drill hole IB18-009 at the B-9 zone. Significant drill intersections from the 2018 drill program include:

#### B-9 Zone 2018 Drilling – Selected Highlights

- 12.33% Zn, 2.98% Pb, 24.46 g/t Ag over 6.29 m at 60 m below surface in hole IB18-009
- 5.76% Zn, 0.48% Pb, 3.41 g/t Ag over 6.73 m at 56 m below surface in hole IB18-008
- 4.49% Zn, 1.13% Pb, 7.32 g/t Ag over 4.28 m at 27 m below surface and
- 2.24% Zn, 0.83% Pb, 5.23 g/t Ag over 5.38 m at 33 m below surface and
- 3.50% Zn, 0.66% Pb, 4.59 g/t Ag over 4.57 m at 37 m below surface in Hole IB18-002
- 9.26% Zn, 2.43% Pb, 17.98 g/t Ag over 3.05 m at 23 m below surface in hole IB18-003\*
- 3.88% Zn, 1.34% Pb, 8.90 g/t Ag over 3.99 m at 29 m below surface in hole IB18-006

*Note: Drilled intersections are apparent width only. The intersections in IB18-002 are separated by lost core/no recovery. \*Low core recoveries.*

The potential extension of the mineralization intersected at the B-9 Zone is supported by a 725 m long untested, high-contrast soil geochemical trend which extends to the west, north and south of the area currently drilled. Depth potential of the B-9 mineralization also remains to be tested.

The 2018 drill program provided key geological insights into the distinctive mineralization type, termed sedimentary exhalative (Sedex), at this relatively small area at one of the four large geochemical anomalies on the property. Sedex type zinc deposits are relatively rare, known to occur as clusters on a district scale and formed only within specific ages of sedimentary rock formations referred to as time horizons. The large and well-known deposits occur in the Yukon, northern and southern British Columbia, Australia and southern Africa. The Indy project is underlain by sedimentary formations correlated in age by the Geological Survey of Canada (Struik,1988) to the same time horizons hosting the large Sedex deposits of northern British Columbia and the Yukon.

### *Large Exploration Targets*

In late 2018, the Company increased its claim holdings to encompass an additional zinc-in-soil geochemical anomaly, called the Action anomaly. The Action anomaly was delineated by Noranda Exploration in 1989, returning high contrast soil geochemical samples over a trend of 800 m.

To date, four large soil geochemical anomalies with an aggregate length of 4.0 km occur on the property. Anomalies Action, C and D remain to be drill tested by the Company.

### *2019 Programs*

In mid-June, extensive soil geochemical surveys to further outline, extend and prioritize the various anomalies for drill testing commenced. This was followed by mapping and prospecting programs on priority targets. The results of these programs are expected before the end of Q3-2019.

Exploration activities are permitted and monitored under a Multi-Year Access Bond (MYAB) with the Government of British Columbia

## **Mineral Properties (cont'd...)**

### Indy (cont'd...)

#### *2019 Expenditure Requirements*

Under the terms of the Indy option agreement, additional property expenditures of \$200,000 are required on or before January 29, 2019. These requirements have been met.

### PX

In fiscal year 2018, the Company acquired, via staking, 126 mining claims located in Utah, USA. PX is a grassroots exploration stage project.

On April 3, 2019, the Company signed a term sheet with Ash-ley Woods LLC ("Ash-ley") ("Ash-ley agreement"), a private limited liability company, for Ash-ley to earn a 35% interest in PX by completing an initial drill program. In late August, Ash-ley notified the Company that due to its financial condition, it would not be able to complete the initial drill program as planned. The Company will continue to hold and will further explore the property as funding becomes available.

#### *2018 Programs*

Various geochemical studies were completed in 2018 supporting the concept of a covered intrusive. In addition, an IP orientation survey was completed in late 2018.

#### *2019 Expenditure Requirements*

An estimated total of US\$20,000 is required in 2019 to keep the claims and leases comprising the PX property in good standing.

**Summary of Exploration Activities**

The following table represents expenditures incurred on the exploration and evaluation assets during the six months ended June 30, 2019:

	<b>West Desert</b>	<b>PX</b>	<b>Indy</b>	<b>Total</b>
<b>Acquisition costs</b>				
Balance, December 31, 2018	\$ 394,127	\$ 35,066	\$ 148,763	\$ 577,956
Additions during the year:				
Cash payments	-	-	25,000	25,000
Shares issued	-	-	12,000	12,000
	-	-	37,000	37,000
Balance, June 30, 2019	394,127	35,066	185,763	614,956
<b>Deferred exploration costs</b>				
Balance, December 31, 2018	6,943,949	72,846	712,911	7,729,706
Additions during the period:				
Air support	-	-	30,595	30,595
Analytical	-	-	348	348
Claims maintenance	665	-	-	665
Communication	389	-	1,448	1,837
Drilling	-	-	41,055	41,055
Equipment and supplies	3,279	-	9,672	12,951
Personnel	1,595	-	78,215	79,810
Room and board	665	-	15,682	16,347
Travel	-	-	1,499	1,499
	6,593	-	178,514	185,107
Balance, June 30, 2019	6,950,542	-	891,425	7,914,813
<b>Total, June 30, 2019</b>	<b>\$ 7,344,669</b>	<b>\$ 107,912</b>	<b>\$ 1,077,188</b>	<b>\$ 8,529,769</b>

**Selected Quarterly Information**

<b>Quarter Ended</b>	<b>Revenue</b>	<b>Loss and comprehensive loss</b>	<b>Net loss per share <sup>(1)</sup></b>
June 30, 2019	\$ Nil	\$ (82,246)	\$ (0.00)
March 31, 2019	\$ Nil	\$ (36,170)	\$ (0.00)
December 31, 2018	\$ Nil	\$ (111,849)	\$ (0.00)
September 30, 2018	\$ Nil	\$ (89,044)	\$ (0.00)
June 30, 2018	\$ Nil	\$ (117,040)	\$ (0.00)
March 31, 2018	\$ Nil	\$ (145,422)	\$ (0.00)
December 31, 2017	\$ Nil	\$ (196,255)	\$ (0.00)
September 30, 2017	\$ Nil	\$ (56,744)	\$ (0.00)

<sup>(1)</sup> basic and diluted

**Results of operations**

The loss and comprehensive loss for the six months ended June 30, 2019 was \$118,416 or \$0.00 per share compared with a loss of \$262,462 or \$0.00 per share during the same period of 2018. The following discussion should be read in conjunction with the accompanying Financial Statements and related notes for the period.

The table below explains the significant changes in expenditures, not described above, for the six months ended June 30, 2019 compared with June 30, 2018.

Expense	Change in Expense	Explanation for Change
Office and miscellaneous	Decrease of \$38,027	Decrease is due to fewer conferences being attended during the current period and a result of reduced office expenses in the current period as compared to the prior period.
Property investigation costs	Decrease of \$33,365	Decrease is due to the Company investigating and acquiring PX during the prior period and no comparable activity during the current period.
Share-based compensation	Decrease of \$86,093	Fewer incentive share options fully vested in the current period as compared to options granted in the prior period.

**Current Quarter**

The loss and comprehensive loss for the three months ended June 30, 2019 was \$82,246 or \$0.00 per share compared with a loss of \$117,040 or \$0.00 per share during the same quarter of 2018. The following discussion should be read in conjunction with the accompanying Financial Statements and related notes for the period.

The table below explains the significant changes in expenditures, for the three months ended June 30, 2019 compared with June 30, 2018.

Expense	Change in Expense	Explanation for Change
Foreign exchange	Increase of \$22,210	Increase is a result of fluctuations in the exchange rate of the USD dollar, compared to the CAD dollar.
Travel	Increase of \$4,765	Increase is due to management travel related to property operations.

### **Related Party Transactions**

The Company entered into the following transactions with related parties during the six months ended June 30, 2019:

Summary of key management personnel compensation:

	<b>For the six months ended June 30, 2019</b>	<b>For the six months ended June 30, 2018</b>
Office and miscellaneous (Kerry Curtis)	\$ -	\$ 18,000
Professional fees (Steve Vanry)	13,500	15,000
Share-based compensation (John Murphy)	3,282	5,623
Share-based compensation (Kerry Curtis)	5,252	-
Share-based compensation (Louis Montpellier)	3,282	5,623
Share-based compensation (Steve Vanry)	613	-
Share-based compensation (Wayne Hubert)	5,252	25,189
	<b>\$ 31,181</b>	<b>\$ 69,435</b>

Included in rent is \$Nil (June 30, 2018 - \$1,694) paid or accrued to a company formerly related to Steve Vanry, the chief financial officer.

Included in accounts payable and accrued liabilities are amounts owing to related parties of \$1,050 (December 31, 2018 - \$2,627).

### **Liquidity, Financial Position and Capital Resources**

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

	<b>June 30, 2019</b>	<b>June 30, 2018</b>
Cash	\$ 641,318	\$ 1,849,787
Receivables	9,989	18,554
Prepays	13,613	12,361
Marketable securities	311	2,061
Total current assets	\$ 665,231	\$ 1,882,763
Accounts payable and accrued liabilities	\$ 157,886	\$ 362,885
Total current liabilities	\$ 157,866	\$ 362,885
Working capital	<b>\$ 507,345</b>	<b>\$ 1,519,878</b>

The Company had a net working capital position of \$507,345 at June 30, 2019 compared with \$1,519,878 as at June 30, 2018. As at June 30, 2019, the Company had sufficient liquidity to meet its obligations for the next twelve months.

**Liquidity, Financial Position and Capital Resources (cont'd...)**

The Company had cash on hand of \$641,318 on June 30, 2019 (2018 - \$1,849,787). The source of cash in the current period was primarily due to the completion of a private placement that raised proceeds, net of finders and legal fees, of \$257,126. The primary use of cash during the period was the funding of operations of \$83,982 (2018 - \$323,734) and the acquisition and exploration of exploration and evaluation assets of \$129,446 (2018 - \$1,253,839).

The Company's general and administrative costs, exclusive of any management compensation or direct business costs such as acquisitions, field work or travel, are in the range of \$250,000 annually. These maintenance costs are typical for a public company of this nature and consist of stock exchange fees, legal fees, accounting and audit fees, transfer agent fees and general office expenses such as rent, insurance, basic administrative assistance and phone. As the Company has commenced further exploration of its properties, it may have an impact on general and administrative costs.

The Company has no known mineral reserves and is not in commercial production on any of its properties and accordingly, the Company does not generate cash from operations. The Company finances exploration activities by raising capital from equity markets from time to time.

**Proposed Transactions**

There are no proposed transactions to be reported.

**Risks and Uncertainties**

The business and operations of the Company are subject to numerous risks, many of which are beyond the Company's control. The Company considers the risks set out below to be some of the most significant to potential investors in the Company, but not all of the risks associated with an investment in securities of the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the Company is currently unaware or which it considers to be material in relation to the Company's business actually occur, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Company's securities could decline and investors may lose all or part of their investment.

**History of losses**

The Company has incurred net losses since inception and as of June 30, 2019, had an accumulated deficit of \$9,199,514.

**No history of dividends**

Since incorporation, the Company has not paid any cash or other dividends on its common stock and does not expect to pay such dividends in the foreseeable future, as all available funds will be invested primarily to finance its mineral exploration programs. The Company will need to achieve profitability prior to any dividends being declared.

## Risks and Uncertainties (cont'd...)

### Dilution

The Company does not generate any revenues and does not have sufficient financial resources to undertake by itself all of its planned expenditures. The Company has limited financial resources and has financed its operations primarily through the sale of securities such as common shares. The Company will need to continue its reliance on the sale of such securities for future financing, resulting in dilution to the Company's existing shareholders. The amount of additional funds required will depend largely on the success of the Company's exploration programs.

Further expenditures will depend on the Company's ability to obtain additional financing which may not be available under favourable terms, if at all.

### Capital and liquidity risk

The amount of financial resources available to invest for the enhancement of shareholder value is dependent upon the size of the treasury, profitable operations, and willingness to utilize debt and issue equity. Due to the size of the Company, financial resources are limited and if the Company exceeds growth expectations or finds investment opportunities it may require debt or equity financing. There is no assurance that the Company will be able to obtain additional financial resources that may be required to successfully finance transactions or compete in its markets on favourable commercial terms.

### Dependence on key personnel

Loss of certain members of the executive team or key operational leaders of the company could have a disruptive effect on the implementation of the Company's business strategy and the efficient running of day-to-day operations until their replacement is found. Recruiting personnel is time consuming and expensive and the competition for a professional is intense. The Company may be unable to retain its key employees or attract, assimilate, retain or train other necessary qualified employees, which may restrict its growth potential.

### Mineral exploration

Mineral exploration is subject to a high degree of risk, which even a combination of experience, knowledge and careful evaluation may fail to overcome. These risks may be even greater in the Company's case given its formative stage of development. Furthermore, exploration activities are expensive and seldom result in the discovery of a commercially viable resource. There is no assurance that the Company's exploration will result in the discovery of an economically viable mineral deposit.

### Preliminary Economic Assessments

Preliminary Economic Assessments are considered to be preliminary in nature. They include inferred mineral resources that are considered too speculative to have the economic considerations applied that would enable their classification as mineral reserves. There is no certainty that the conclusions within a Preliminary Economic Assessment will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

### Management of industry risk

The Company is engaged primarily in mineral exploration and manages related industry risk issues directly. The Company's mineral exploration activities expose it to potential environmental liability risk. It is management's policy to review environmental compliance and exposure on an ongoing basis. The Company follows industry standards and specific project environmental requirements. The Company is currently in the exploration stage on its property interests and has not determined whether significant site recovery costs will be required. Management is not aware of and does not anticipate any significant environmental remediation costs or liabilities in respect of its current operations.

## Risks and Uncertainties (cont'd...)

### Commodity and equity prices

The Company has exposure to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities.

### Other risks

The Company will need additional funding to complete its short and long term objectives. The ability of the Company to raise such financing in the future will depend on the prevailing market conditions, as well as the business performance of the Company. Current global financial conditions have been subject to increased volatility which has negatively impacted access to public financing. There can be no assurances that the Company will be successful in its efforts to raise additional financing on terms satisfactory to the Company. The market price of the Company's shares at any given point in time may not accurately reflect value. If adequate funds are not available or not available on acceptable terms, the Company may not be able to take advantage of opportunities, to develop new projects or to otherwise respond to competitive pressures.

The Company is dependent upon the services of key executives, including the Chief Executive Officer. Certain directors and officers of the Company also serve as directors and/or officers of other companies involved in mineral exploration and development and, consequently, there exists the possibility for such directors and officers to be in a position of conflicts of interest.

## Critical Accounting Estimates

The preparation of these condensed interim consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim consolidated financial statements and the reported expenses during the period.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

Estimates are made when applying accounting policies. The critical estimates that have the most significant effects on the amounts recognized in the condensed interim consolidated financial statements are as follows:

### Economic recoverability and probability of future economic benefits of exploration and evaluation assets

Management has determined that exploration, evaluation, and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

### Valuation of share-based compensation

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

## New Accounting Policies Adopted

### IFRS 16, Leases

IFRS 16 requires lessees to recognize a lease liability reflecting future lease payments and a “right-of-use asset” for virtually all lease contracts, and to record it on the statement of financial position, except with respect to lease contracts that meet limited exception criteria. There was no impact on the condensed interim consolidated financial statements as a result of adopting this standard.

## Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

## Financial Instruments and Risk Management

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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

Cash and marketable securities are measured at fair value using level 1 inputs. The value of receivables, reclamation deposits, and accounts payable and accrued liabilities approximates their carrying values.

## Financial risk factors

The Company is exposed to a variety of financial risks by virtue of its activities including credit, liquidity, interest rate, foreign currency, and price risk.

### Credit risk

The Company is exposed to industry credit risks arising from its cash holdings and receivables. The Company manages credit risk by placing cash with major Canadian financial institutions. The Company's receivables are due primarily from the Federal Government of Canada. Management believes that credit risk related to these amounts is nominal.

### Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient funds to meet its financial obligations when they are due. To manage liquidity risk, the Company reviews additional sources of capital and financing to continue its operations and discharge its commitments as they become due.

### 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 not exposed to interest rate risk as it does not have any significant financial instruments with interest rates, with the exception of cash. Interest earned on cash is based on prevailing bank account interest rates, which may fluctuate. A 1% change in interest rates would result in a nominal difference for the six months ended June 30, 2019.

**Financial Instruments and Risk Management (cont'd...)****Financial risk factors (cont'd...)**Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash and accounts payables and accrued liabilities that are denominated in United States Dollars. A 10% change in foreign exchange rates would result in a nominal difference for the six months ended June 30, 2019.

Price risk

The Company has limited exposure to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities.

**Authorized and Issued Share Capital as at August 28, 2019**

Issued and outstanding: 114,685,419 common shares

Options outstanding are as follows:

Number of options	Exercise price	Expiry date
1,500,000	\$ 0.135	May 31, 2020
1,300,000	0.13	December 20, 2020
200,000	0.22	January 30, 2021
2,650,000	0.09	May 31, 2021
500,000	0.11	June 21, 2021
2,350,000	0.05	May 30, 2022
980,000	0.12	October 11, 2022
9,480,000		

Number of warrants	Exercise price	Expiry date
17,177,100	\$ 0.15	December 14, 2019
2,138,500	0.15	December 20, 2019
2,750,000	0.10	May 29, 2021
330,000	0.05	May 29, 2021
22,395,600		

**Approval**

The Board of Directors of the Company has approved the disclosure contained in this Management Discussion and Analysis. A copy will be provided to anyone who requests it.

On Behalf of the Board of Directors,

August 28, 2019