

BALMORAL RESOURCES LTD.

Management Discussion and Analysis

For the period ended September 30, 2019

INTRODUCTION

This Management Discussion & Analysis (“MD&A”) for Balmoral Resources Ltd. (the “Company” or “Balmoral”) for the nine months ended September 30, 2019 has been prepared by management in accordance with the requirements of National Instrument 51-102 as of November 13, 2019, and compares its financial results for the nine months ended September 30, 2019 to the comparative period of the previous year. This MD&A provides a detailed analysis of the business of Balmoral and should be read in conjunction with the Company’s unaudited condensed interim consolidated financial statements and the accompanying notes for the nine months ended September 30, 2019 and 2018 as filed on the SEDAR website at (www.sedar.com). The Company’s reporting currency is the Canadian dollar and all monetary amounts in this MD&A are expressed in Canadian dollars unless otherwise stated. The Company reports its financial position, results of operations and cash flows in accordance with International Financial Reporting Standards.

Caution Regarding Forward Looking Statements

This MD&A contains forward-looking statements and forward-looking information (collectively, “forward-looking statements”) within the meaning of applicable Canadian and US securities legislation. These statements relate to future events or the future activities or performance of the Company. All statements, other than statements of historical fact are forward-looking statements. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. These forward looking statements include, but are not limited to, statements concerning:

- the Company’s strategies and objectives, both generally and in respect of its specific mineral properties;
- the timing of decisions regarding the timing and costs of exploration programs with respect to, and the issuance of the necessary permits and authorizations required for, the Company’s exploration programs;
- the timing and cost of planned exploration programs of the Company and the timing of the receipt of results there from;
- the proposed use of the proceeds from the Company’s equity financings;
- the Company’s future cash requirements;
- general business and economic conditions;
- the Company’s ability to meet its financial obligations as they come due, and to be able to raise the necessary funds to continue operations;
- the Company’s expectation that its joint venture partners will contribute the required expenditures, in accordance with existing joint venture agreements;

Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Inherent in forward looking statements are risks and uncertainties beyond the Company's ability to predict or control, including, but not limited to, risks related to the Company's inability to identify one or more economic deposits on its properties, variations in the nature, quality and quantity of any mineral deposits that may be located, variations in the market price of any mineral products the Company may produce or plan to produce, the Company's inability to obtain any necessary permits, consents or authorizations required for its activities, to produce minerals from its properties successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies, and other risks identified herein under "Risk Factors".

The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results are likely to differ, and may differ materially, from those expressed or implied by forward looking statements contained in this MD&A. Such statements are based on a number of assumptions which may prove incorrect, including, but not limited to, assumptions about:

- general business and economic conditions;
- the timing of the receipt of regulatory and governmental approvals, permits and authorizations necessary to implement and carry on the Company's planned exploration programs and those of its joint venture partners (where applicable);
- conditions in the financial markets generally, and with respect to the prospects for junior exploration and development companies specifically;
- the Company's ability to secure the necessary consulting, drilling and related services and supplies on favorable terms;
- the Company's ability to attract and retain key staff;
- the nature and location of the Company's mineral exploration projects, and the timing of the ability to commence and complete the planned exploration programs;
- the anticipated terms of the consents, permits and authorizations necessary to carry out the planned exploration programs and the Company's ability to comply with such terms on a cost-effective basis;
- the ongoing relations of the Company with the regulators responsible for overseeing the Company's operations in British Columbia, Ontario and Quebec;
- the metallurgy and recovery characteristics of samples from certain of the Company's mineral properties are reflective of the deposit as a whole
- the ability of the Company to convert mineral resources contained on its properties to mineral reserves; and
- the ability of the Company's joint venture partners to raise the funding required for them to advance the properties in which the Company has interests, as applicable.

These forward looking statements are made as of the date hereof and the Company does not intend and does not assume any obligation, to update these forward looking statements, except as required by applicable law. For the reasons set forth above, investors should not attribute undue certainty to or place undue reliance on forward-looking statements.

Historical results of operations and trends that may be inferred from the following discussion and analysis may not necessarily indicate future results from operations. In particular, the volatile state of the global securities markets may cause significant reductions in the price of the Company's securities and render it difficult or impossible for the Company to raise the funds necessary to continue operations. See "Risk Factors – Insufficient Financial Resources/Share Price Volatility".

Caution Regarding Adjacent or Similar Mineral Properties

This MD&A contains information with respect to adjacent or similar mineral properties in respect of which the Company has no interest or rights to explore or mine. The Company advises US investors that the mining guidelines of the US Securities and Exchange Commission (the "SEC") set forth in the SEC's Industry Guide 7 ("SEC Industry Guide 7") strictly prohibit information of this type in documents filed with the SEC. **Readers are cautioned that the Company has no interest in or right to acquire any interest in any such properties, and that mineral deposits on adjacent or similar properties, and any production therefore or economics with respect thereto, are not indicative of mineral deposits on the Company's properties or the potential production from, or cost or economics of, any future mining of any of the Company's mineral properties.**

All of the Company's public disclosure filings, including its most recent material change reports, press releases and other information, may be accessed via www.sedar.com and readers are urged to review these materials, including the technical reports filed with respect to the Company's mineral properties.

DATE

This MD&A reflects information available as at November 13, 2019.

OVERALL PERFORMANCE

Financings

On March 15, 2019, the Company closed the first tranche of its non-brokered private placement and raised gross proceeds of \$1,486,404 through the issuance of 7,823,180 flow-through common shares at a price of \$0.19 per flow-through common share and gross proceeds of \$304,500 from the issuance of 2,174,999 units at a price of \$0.14 per unit. Each unit consists of one non-flow-through common share and one-half of one common share purchase warrant. Each full share purchase warrant entitles the holder to purchase one common share at an exercise price of \$0.25 until September 16, 2020.

In consideration of the finders' services, the Company paid cash commission of \$73,370 and issued 386,158 warrants. Each warrant entitles the agent to purchase one common share of the Company at a price of \$0.25 until September 16, 2020. Using the Black-Scholes option pricing model, the warrants had a fair value of \$10,373, or \$0.027 per warrant. In connection with the financing, the Company paid \$80,343 in share issuance costs.

On April 11, 2019, the Company closed the second and final tranche of its non-brokered private placement and raised gross proceeds of \$340,560 through the issuance of 2,432,856 units at a price of \$0.14 per unit. Each unit consists of one non-flow-through common share and one-half of one common share purchase warrant. Each full share purchase warrant entitles the holder to purchase one common share at an exercise price of \$0.25 until October 11, 2020. In connection with the financing, the Company paid \$45,151 in share issuance costs.

On October 28, 2019, the Company closed the first tranche of its non-brokered private placement and raised gross proceeds of \$1,650,000 through the issuance of 7,173,913 Quebec flow-through common shares (the "Quebec Flow-Through Shares") at a price of \$0.23 per Quebec Flow-Through Share and gross proceeds of \$250,000 from the issuance of 1,315,790 National flow-through common shares (the "National Flow-

Through Shares”) at a price of \$0.19 per National Flow-Through Share. The Quebec Flow-Through Shares and the National Flow-Through Shares are subject to a four month and one day hold period from the date of closing of the first tranche of the Offering.

On November 8, 2019, the Company closed the second and final tranche of its non-brokered private placement and raised gross proceeds of \$1,591,397 through the issuance of 9,361,158 units at a price of \$0.17 per unit. Each unit consists of one non-flow-through common share and one-half of one common share purchase warrant. Each full share purchase warrant entitles the holder to purchase one common share at an exercise price of \$0.30 until May 8, 2021. The non-flow-through common shares are subject to a four month and one day hold period from the date of closing of the second tranche of the Offering.

In consideration of their assistance with the Offering the Company agreed to pay certain finders cash fees totaling \$171,595 and to issue 875,041 common share purchase warrants (the “Finders’ Warrants”). Each Finders’ Warrant entitles the holder to purchase one common share of the Company at a price of \$0.30 for a period of 18 months from closing. Using the Black-Scholes option pricing model, the Finders’ Warrants had a fair value of \$38,223, or \$0.044 per warrant. The Company also paid \$20,800 in legal and administration fees upon closing.

On November 12, 2019, the Company received a tax refund of \$1,021,729 from Revenu Quebec. The Company had amended its 2017 Quebec income tax return to include eligible exploration expenditures for which it claimed an additional \$1,024,411 in exploration tax credits. This amount was included in the refundable tax credit receivable for the period ended September 30, 2019.

Mineral Properties

During the nine months ended September 30, 2019, the Company incurred \$130,036 in exploration and evaluation expenditures on the Martiniere Property, \$79,014 in exploration and evaluation expenditures on the Grasset Property and \$36,977 in exploration and evaluation expenditures on the Detour East Property. In addition, the Company incurred \$1,531,688 in exploration and evaluation expenditures on the Fenelon Property and received a total of \$64,500 in cost recoveries from the rental of the Fenelon camp to Wallbridge Mining Company Limited (“Wallbridge”). The Company incurred \$9,874 in exploration and evaluation expenditures on the N2 Property. A total of \$239,435 was incurred in exploration and evaluation expenditures on the Company’s Ontario Properties. A total of \$178,034 was incurred in exploration and evaluation expenditures on the Company’s Other Properties.

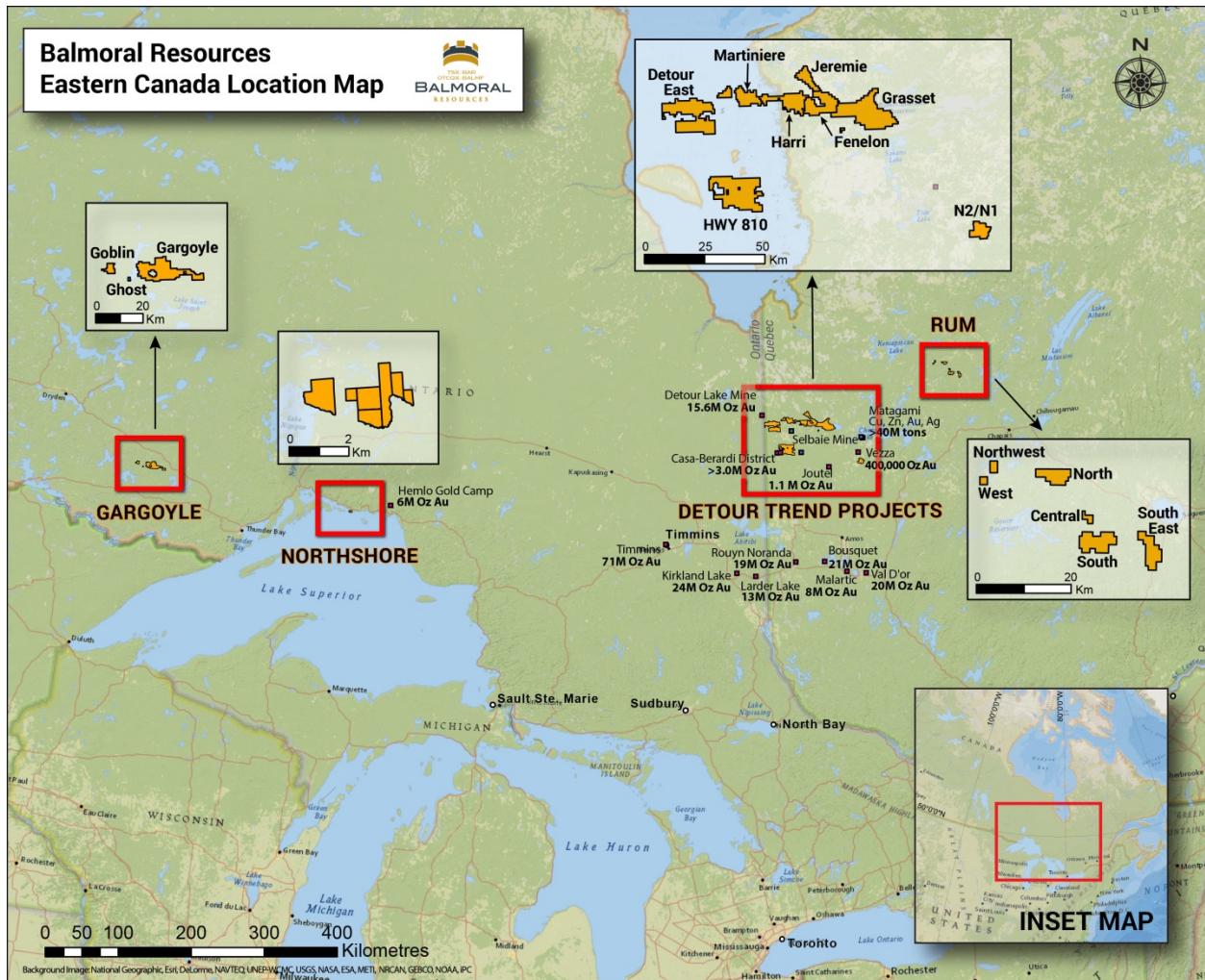


Figure 1: Map of Balmoral's Ontario and Quebec Properties including the Detour Gold Trend Project

Detour Gold Trend Project, Quebec

The Company's exploration focus remained on the properties comprising its Detour Gold Trend Project during the third quarter of 2019 (see Figure 1, above). The Project encompasses over 700 square kilometres of mineral claims located along and adjacent to the Sunday Lake (Detour) Deformation Zone. The Sunday Lake Deformation Zone hosts the Detour Gold mine, one of the largest gold mines in Canada, on adjacent ground in Ontario.

During the third quarter the Company commenced and completed a four-hole diamond drill program on the Area 52 target, part of its wholly owned Fenelon property. The program successfully identified the southern extension of the Area 51 gold system being explored by Wallbridge on the adjacent Fenelon Mine Property and discovered two, high-grade gold occurrences. One of these two occurrences returned 14 g/t gold over 3.29 metres in a shear zone paralleling the Sunday Lake deformation zone. The Company subsequently launched a follow-up drill program targeting this new discovery for which results were pending at the time of preparation.

Drilling on the adjacent Fenelon Mine Property continued to extend the Area 51 gold system towards the Company's property which surrounds the Fenelon Mine Property on three sides. Much of the ground controlled by the Company has never been drill tested but the early success in Area 52 suggests the ground which surrounds the Fenelon Mine Property to the south, west and northwest is highly prospective for additional gold discoveries.

Martiniere Property, Quebec

The Martiniere Property is centered approximately 50 kilometres east of the Detour Lake Gold mine in Ontario and central to the Detour Gold Trend Project. The property consists of 314 mining claims (approximately 8,281.4 hectares) situated in the Townships of La Martiniere, Martigny, and Lanouiller, Quebec. In January of 2013, the Company completed the purchase of a 100% interest in the Martiniere Property from Cyprus Canada Inc. (“Cyprus Canada”) and granted a 2% Net Smelter Return (“NSR”) royalty on a portion of the property to Cyprus Canada, including the claims overlying the majority of the known gold occurrences on the property, as required by a pre-Balmoral property agreement.

Initial testing on the Martiniere Property began in 2011 following up on the earlier discovery by Cyprus Canada of the Central Zone and the shallow portion of the West deposit. The Bug deposit (North Zone) was discovered in 2013, with the larger South Zone of the Bug deposit discovered in 2016.

The Martiniere Property hosts two known gold deposits (Martiniere West and Bug) and several other occurrences which have been discovered and partially delineated by the Company since 2011. In March of 2018 the Company released the initial resource estimate for the Martiniere gold system (Martiniere West and Bug gold deposits) based on a U.S.\$1,300/ounce gold price (currently U.S.\$1,490/ounce). The two deposits were estimated to contain a total of 591,000 ounces of gold in the indicated resource category and a further 53,000 ounces in the inferred category in a dual open pit and underground scenario as outlined in the resource report entitled “2018 Technical Report on the Martiniere Property” which is available on the Company’s website and at www.sedar.com. The base case resource and sensitivity table are reproduced below in Tables 1 and 2 for reference.

Table 1 – Base Case Initial Mineral Resource Estimate – Effective Date of March 27, 2018

MARTINIERE GOLD SYSTEM			
BASE CASE - INDICATED MINERAL RESOURCE			
Gold Cut-Off Grade	Tonnage	Average Gold Grade	Contained Gold
g/t	tonnes	g/t	oz
CONSTRAINED OPEN PIT @ \$1300 US/oz			
0.5	6,827,000	1.96	431,000
UNDERGROUND			
2.5	1,092,000	4.54	159,000

MARTINIERE GOLD SYSTEM			
BASE CASE - INFERRED MINERAL RESOURCE			
Gold Cut-Off Grade	Tonnage	Average Gold Grade	Contained Gold
g/t	tonnes	g/t	Oz
CONSTRAINED OPEN PIT @ \$1300 US/oz			
0.5	132,000	2.50	11,000
UNDERGROUND			
2.5	231,000	5.75	43,000

Resource Estimate Assumptions and Notes:

1. The Independent and Qualified Person for the Mineral Resource Estimate, as defined by NI 43-101, is Mr. Marc Jutras, P.Eng., M.A.Sc., Principal of Ginto Consulting Inc. The effective date of the Estimate is March 27, 2018
2. These mineral resources are not mineral reserves as they do not have demonstrated economic viability.

3. While the results are presented undiluted, the reported mineral resources are considered to have reasonable prospects for eventual economic extraction. The near surface mineral resource is constrained within an optimized open pit shell, while the below pit portion of the mineral resource is reported at an elevated gold grade cut-off
4. The estimate includes several discrete zones/sub-zones of mineralization.
5. Resources were compiled at gold cut-off grades of 0.5, 0.7 and 1.0 g/t gold for the evaluation of open pit estimates and at 2.0, 2.5 and 3.0 g/t gold for evaluation of underground estimates (see table below). The base case resource estimate is reported at a cut-off grade of 0.5g/t gold for resources constrained within the optimized pit shell and 2.5 g/t gold for resources outside the pit shell.
6. Cut-off calculations for calculating the base case resource used: (all USD figures) \$1.80/t for overburden removal, \$2.00/t for open pit mining, \$50.00/t for underground mining, \$17.00/t for Processing (for both open pit and underground scenario's), \$2.50/t for G&A costs and mill recovery rates of 91%.
7. Gold recovery rates of up to 91% have been achieved in limited testing for the Bug deposit. The Bug deposit comprises the majority of the estimated resource. Gold recoveries of up to 97% to concentrate, and 72% overall, have been achieved in preliminary testing of the Martiniere West Deposit.
8. For the open pit scenario pit slopes of 50 degrees were assumed in bedrock and 25 degrees in overburden.
9. Calculations used a USD/CAD exchange rate of 1.22 and a gold price of US\$1,300 in keeping with current long-term consensus estimates.
10. Cut-off grade calculations would have to be re-evaluated in light of future prevailing market conditions (metal prices, exchange rate, and mining costs).
11. Density values were estimated for all lithological units from measured samples. Density values for the mineralized zones were calculated from a measured density database.
12. The resource was estimated using Vulcan software. The estimate is based on results from 490 diamond drill holes (91,988 m). The cut-off date for the drill hole database is January 30, 2018.
13. High grade capping was done on composited assay data and established on a per zone basis.
14. Compositing was done on drill hole intercepts falling within the mineralized zones (composite length of 1.0 m).
15. Resources were evaluated from composited and capped drill hole assays using 3-pass ordinary kriging and inverse distance squared interpolation methods in a block model (block size = 2.5 x 2.5 x 2.5 m).
16. The Mineral Resources presented herein are categorized as Indicated and Inferred based on drill spacing and geological and grade continuity. Based on the nature of the mineralization, a maximum average distance of composites of 40 m was used for Indicated resources in the Bug Deposit and 35 m in the Martiniere West Deposit.
17. Ounce (troy) = metric tonnes x grade / 31.10348. Calculations used metric units (metres, tonnes and g/t). Metal contents are presented in ounces.
18. **The number of metric tonnes and contained ounces were rounded to the nearest thousand. Any discrepancies in the totals are due to rounding effects**
19. The quantity and grade of reported Inferred resources in this Mineral Resource Estimate are uncertain in nature and there has been insufficient exploration to define these Inferred resources as Indicated or Measured, and it is uncertain if further exploration will result in upgrading them to these categories.
20. CIM definitions and guidelines for mineral resources have been followed.
21. The Qualified Persons are not aware of any known environmental, permitting, legal, title-related, taxation, socio-political or marketing issues, or any other relevant issue, that could materially affect the Mineral Resource Estimate.

Table 2: Sensitivity Analysis at a Range of Cut-Off Grades (Base Case Highlighted)

MARTINIERE GOLD SYSTEM INDICATED MINERAL RESOURCE			
Gold Cut-Off Grade	Tonnage	Average Gold Grade	Contained Gold
g/t	tonnes	g/t	Oz
CONSTRAINED OPEN PIT @ \$1300 US/oz			
0.5	6,827,000	1.96	431,000
0.7	5,703,000	2.23	409,000
1.0	4,355,000	2.66	372,000
UNDERGROUND (Based on Open Pit @ 0.5 g/t cut-off)			
2.0	1,657,000	3.75	200,000
2.5	1,092,000	4.54	159,000
3.0	751,000	5.36	129,000

MARTINIERE GOLD SYSTEM INFERRED MINERAL RESOURCE			
Gold Cut-Off Grade	Tonnage	Average Gold Grade	Contained Gold
g/t	tonnes	g/t	oz

CONSTRAINED OPEN PIT @ \$1300 US/oz			
0.5	132,000	2.50	11,000
0.7	122,000	2.67	10,000
1.0	108,000	2.89	10,000
UNDERGROUND (Based on Open Pit @ 0.5 g/t cut-off)			
2.0	332,000	4.68	50,000
2.5	231,000	5.75	43,000
3.0	185,000	6.50	39,000

The Independent and Qualified Person for the Mineral Resource Estimate, as defined by NI 43-101, is Mr. Marc Jutras, P.Eng. (B.C. and Que.), M.A. Sc. Principal of Ginto Consulting Inc.

The resource was primarily focused on the shallowest portion of the known system with 93% of the estimate resource contained within 350 vertical metres of surface, consistent with the drilling to date on the deposits. Approximately 73% of the estimated resource is constrained within a series of open pits with an average grade of 1.96 g/t gold (at 0.5 g/t cut-off grade). The balance of the estimated resource sits below the open pit and carries an average grade of 4.54 g/t gold. Both deposits remain open down plunge for further expansion.

The Company is currently evaluating options with respect to the continued expansion of the Bug and Martiniere West gold deposits, which may include joint venture or other similar arrangements to advance the property. At this time the Company has no work plans for Martiniere in 2019.

Grasset Property, Quebec

The Grasset Property, whose western margin is located approximately 40 kilometres east of the Martiniere gold deposits, was initially acquired by staking in November of 2010. Drilling on the Grasset Property in April of 2011 led to the discovery of the Grasset Gold Zone which returned 33.00 metres grading 1.66 g/t gold, including two higher grade intervals of 4.04 metres grading 6.15 g/t gold and 5.00 metres grading 4.18 g/t gold. Following this discovery, the Company significantly expanded the size of the Grasset Property and completed additional testing in 2011 and 2012. Drilling in 2012 led to the discovery of nickel-copper-cobalt-platinum-palladium mineralization associated with the Grasset Ultramafic Complex (“GUC”). Geophysical work in 2013 to follow up this discovery and drilling in early 2014 discovered the core of the Grasset Ni-Cu-Co-PGE deposit.

The Company moved into delineation drilling of the Grasset deposit in 2015 and in March of 2016 published the initial resource estimate for the deposit (comprised of the H1 and H3 Zones) which was based on a nickel price of U.S.\$6.56/lb (currently U.S.\$7.58/lb). The base case resource estimate for the Grasset deposit is:

Table 3: Base Case Current Resource Estimate

> 1.00 % NiEq		Tonnes (t)	NiEq (%)	Ni (%)	Cu (%)	Co (%)	Pt (g/t)	Pd (g/t)	Contained NiEq (lbs)	Contained Ni (lbs)	Contained Cu (lbs)	Contained Co (lbs)	Contained Pt (oz)	Contained Pd (oz)
INDICATED	Horizon 1	35,900	1.09	0.98	0.11	0.03	0.16	0.38	865,800	772,600	84,100	22,700	200	400
	Horizon 3	3,416,600	1.80	1.57	0.17	0.03	0.34	0.85	135,413,200	118,316,800	13,148,000	2,317,600	37,700	93,000
	Total Indicated	3,452,500	1.79	1.56	0.17	0.03	0.34	0.84	136,279,000	119,089,400	13,232,100	2,340,300	37,900	93,400
INFERRED	Horizon 1	4,700	1.08	0.96	0.11	0.03	0.17	0.39	111,500	99,400	11,700	3,100	100	100
	Horizon 3	86,400	1.20	1.06	0.11	0.02	0.20	0.48	2,282,400	2,027,600	217,100	45,900	600	1,300
	Total Inferred	91,100	1.19	1.06	0.11	0.02	0.20	0.48	2,393,900	2,126,900	228,700	49,000	600	1,400

The current mineral resource estimate is based on results from 111 diamond drill holes (39,999 metres) completed by the Company between the 2014 discovery and late 2015. As indicated below, the base case current resource is reported above a 1.00% NiEq* (see Notes 7 and 8 below) cutoff grade after incorporation of estimates for mining recoveries, mining dilution, milling recoveries, smelting and refining charges and certain penalties, as well as estimated operating costs based on those associated with mines currently operating in the local region.

Tables 4a and 4b (below) provide an analysis of the volumetric resources at a range of cut-off grades for the combined H3 and H1 zones as calculated by the Qualified Persons. The Base Case Current Resource (>1.00% NiEq* cut-off) is highlighted for comparison. Cut-off grades for the deposit would decrease as a result of increased metal prices and/or decreased cost estimates. The cut-off grade used in the resource calculation are most sensitive to the nickel price.

Table 4a: Indicated Resource at Range of Cut-Off Values

Resource Class	Cut-off (NiEq %)	Tonnes	Ni Equivalent (%)	Ni %	Cu %	Co %	Pt g/t	Pd g/t	Contained Ni EQ (lbs)
INDICATED	> 2.00	777,500	3.17	2.73	0.28	0.05	0.60	1.46	54,258,700
	> 1.50	1,687,100	2.39	2.07	0.23	0.04	0.47	1.15	88,953,700
	> 1.40	1,974,400	2.25	1.96	0.22	0.04	0.44	1.08	98,121,800
	> 1.30	2,297,400	2.13	1.85	0.21	0.03	0.41	1.02	107,743,200
	> 1.20	2,552,800	2.04	1.78	0.20	0.03	0.40	0.97	114,784,300
	> 1.10	2,865,400	1.94	1.69	0.19	0.03	0.37	0.92	122,685,900
	> 1.00	3,452,500	1.79	1.56	0.17	0.03	0.34	0.84	136,279,000
	> 0.90	4,038,600	1.67	1.46	0.16	0.03	0.32	0.78	148,552,200
	> 0.80	4,767,200	1.54	1.35	0.15	0.03	0.29	0.72	162,149,200
	> 0.70	5,880,300	1.39	1.22	0.13	0.03	0.26	0.64	180,435,200
	> 0.60	7,300,800	1.25	1.10	0.12	0.02	0.23	0.57	200,708,100
	> 0.50	9,434,000	1.09	0.96	0.10	0.02	0.20	0.49	226,557,400
	> 0.40	12,521,700	0.93	0.82	0.09	0.02	0.16	0.40	256,760,200
> 0.30	15,564,000	0.82	0.72	0.07	0.02	0.14	0.34	280,494,000	

Table 4b: Inferred Resource at Range of Cut-Off Values

Resource Class	Cut-off (NiEq %)	Tonnes	Ni Equivalent (%)	Ni %	Cu %	Co %	Pt g/t	Pd g/t	Contained Ni EQ (lbs)
INFERRED	> 2.00	200	2.27	1.98	0.32	0.04	0.43	0.79	7,700
	> 1.50	200	2.03	1.78	0.30	0.03	0.37	0.65	10,200
	> 1.40	6,800	1.45	1.28	0.15	0.03	0.24	0.57	218,000
	> 1.30	22,500	1.38	1.23	0.14	0.03	0.23	0.56	685,600
	> 1.20	43,600	1.32	1.17	0.13	0.03	0.22	0.52	1,268,500
	> 1.10	55,500	1.28	1.14	0.12	0.03	0.21	0.51	1,568,500
	> 1.00	91,100	1.19	1.06	0.11	0.02	0.20	0.48	2,393,900
	> 0.90	122,900	1.13	1.00	0.11	0.02	0.18	0.43	3,052,300
	> 0.80	178,200	1.04	0.93	0.11	0.02	0.17	0.39	4,084,300
	> 0.70	259,300	0.95	0.84	0.09	0.02	0.16	0.36	5,411,200
	> 0.60	414,600	0.83	0.74	0.08	0.02	0.14	0.32	7,589,600
	> 0.50	788,700	0.69	0.62	0.07	0.02	0.11	0.26	12,029,700
	> 0.40	1,912,200	0.54	0.48	0.05	0.01	0.08	0.18	22,622,300
> 0.30	2,999,400	0.47	0.43	0.04	0.01	0.06	0.15	31,316,700	

Resource Estimate Assumptions and Notes:

1. The Independent and Qualified Persons (QPs) for the Mineral Resource Estimate, as defined by National Instrument 43-101, are Pierre-Luc Richard, P.Geo., M.Sc., and Carl Pelletier, P.Geo., B.Sc., both of InnovExplo Inc. The effective date of the estimate is January 12, 2016
2. These mineral resources are not mineral reserves as they do not have demonstrated economic viability.
3. While the results are presented undiluted and in situ, the reported mineral resources are considered to have reasonable prospects for eventual economic extraction.

4. The estimate includes two mineralized zones (Horizon 1 and Horizon 3).
5. Resources were compiled at NiEq cut-off grades of 0.30%, 0.40%, 0.50%, 0.60%, 0.70%, 0.80%, 0.90%, 1.00%, 1.10%, 1.20%, 1.30%, 1.40%, 1.50% and 2.00%. The official resource potential is reported at a 1.00% NiEq cut-off grade.
6. Cut-off calculations used (Canadian dollars): Mining= \$48.00; Maintenance= \$6.00; G&A= \$10.00, Processing= \$22.00. Total operating costs amount to \$86.00. A dilution factor of 7.5% was also applied to the cut-off grade calculation.
7.
$$\text{NiEq} = \left[\left(\text{Ni}_{\text{Grade}(\%)} \times \text{Ni}_{\text{CR}(\%)} \times \text{Ni}_{\text{Payable}(\%)} \times \text{Ni}_{\text{Price}(\$/\text{t})} \right) + \left(\text{Cu}_{\text{Grade}(\%)} \times \text{Cu}_{\text{CR}(\%)} \times \text{Cu}_{\text{Payable}(\%)} \times \text{Cu}_{\text{Price}(\$/\text{t})} \right) + \left(\text{Co}_{\text{Grade}(\%)} \times \text{Co}_{\text{CR}(\%)} \times \text{Co}_{\text{Payable}(\%)} \times \text{Co}_{\text{Price}(\$/\text{t})} \right) \right] \times 2205 + \left[\left(\text{Pt}_{\text{Grade}(\text{g}/\text{t})} \times \text{Pt}_{\text{CR}(\%)} \times \text{Pt}_{\text{Payable}(\%)} \times \text{Pt}_{\text{Price}(\$/\text{oz})} \right) + \left(\text{Pd}_{\text{Grade}(\text{g}/\text{t})} \times \text{Pd}_{\text{CR}(\%)} \times \text{Pd}_{\text{Payable}(\%)} \times \text{Pd}_{\text{Price}(\$/\text{oz})} \right) \right] / \left(\text{Ni}_{\text{Payable}(\%)} \times \text{Ni}_{\text{CR}(\%)} \times \text{Ni}_{\text{Price}(\$/\text{t})} \times 2205 \right)$$
; where CR(%) is a variable concentrate recovery ratio derived from metallurgical balance study, and Payable(%) is applied on concentrates. Note that a minimum deduction of 0.20% Co was applied on concentrate.
8. NiEq calculations used: USD/CAD exchange rate of 1.14, Nickel price of US\$6.56/lb, Copper price of US\$2.97/lb, Cobalt price of US\$13.00/lb, Platinum price of US\$1,302.30/oz, and Palladium price of US\$737.20/oz (These are 3-year trailing averages calculated at the effective date); Payable of 70% for Nickel, 75% for Copper, 75% for Cobalt (minimum deduction of 0.20%), 45% for Platinum, and 45% for Palladium applied on expected concentrate based on analysis of available smelting and refining cost parameters
9. Cut-off and NiEq calculations would have to be re-evaluated in light of future prevailing market conditions (metal prices, exchange rate, smelting terms, and mining costs).
10. Density values were estimated for all lithological units from measured samples. Density values for the Horizon 1 and Horizon 3 (H1 and H3) mineralized zones were interpolated from measured and calculated density databases. The calculated database is derived for a selection of metals (Ni, Fe, Co) yielding the best correlation with the measured database.
11. The resource was estimated using GEMS v.6.7. The estimate is based on 111 diamond drill holes (39,999.43 m). A minimum true thickness of 3.0 m was applied, using the grade of the adjacent material when assayed, or a value of zero when not assayed.
12. High grade capping was done on raw assay data and established on a per zone basis for Nickel (15.00%), Copper (5.00%), Platinum (5.00g/t) and Palladium (8.00g/t). Capping grade selection is supported by statistical analysis.
13. Compositing was done on drill hole sections falling within the mineralized zones (composite = 1.0 m).
14. Resources were evaluated from drill holes using a 3-pass ID2 interpolation method in a block model (block size = 5 x 5 x 5 m).
15. The mineral resources presented herein are categorized as Indicated and Inferred based on drill spacing, geological and grade continuity. Based on the nature of the mineralization, a maximum distance to the closest composite of 50 m was used for Indicated resources. The average distance to the nearest composite is 22.9 m for the Indicated resources and 53.6 m for the Inferred resources.
16. Ounce (troy) = metric tonnes x grade / 31.10348. Calculations used metric units (metres, tonnes and g/t). Metal contents are presented in ounces and pounds.
17. The number of metric tons was rounded to the nearest hundred. Any discrepancies in the totals are due to rounding effects
18. The quantity and grade of reported Inferred resources in this Mineral Resource Estimate are uncertain in nature, and there has been insufficient exploration to define these Inferred resources as Indicated or Measured, and it is uncertain if further exploration will result in upgrading them to these categories.
19. CIM definitions and guidelines for mineral resources have been followed.
20. The QPs are not aware of any known environmental, permitting, legal, title-related, taxation, socio-political or marketing issues, or any other relevant issue that could materially affect the Mineral Resource Estimate.

The Independent and Qualified Persons for the Mineral Resource Estimate, as defined by NI 43-101, are Mr. Pierre-Luc Richard, P.Geo., M.Sc. and Mr. Carl Pelletier, P.Geo., M.Sc. of InnovExplo Inc.

The Company also released the results from preliminary metallurgical work on the Grasset deposit in 2015. The metallurgical studies show the sulphide mineralization comprising the H3 Zone exhibits excellent recovery characteristics (86.5% for nickel, 94% for copper and 89% for palladium) and that a very simple mill flow-sheet is capable of producing a good quality bulk nickel concentrate with each of nickel, copper, cobalt, platinum and palladium reporting to the concentrate in potentially payable quantities.

Given the very depressed state of the nickel market at the time, the Company suspended work on the Grasset deposit and on nickel related exploration in the surrounding area following a small winter 2016 drill program. The recent improvements in the nickel price and favourable mid to long term supply/demand projections for nickel have created a somewhat improved investment climate for nickel exploration and development projects.

The Company resumed the exploration of its nickel assets in 2018, including the Grasset deposit. The fall 2018 drill program at Grasset extended the H1 Zone of the Grasset deposit to over 800 metres vertical depth and also continued the expansion of the deposit to the northwest, where it remains open at shallow depths. The Company is currently putting permits in place which would allow it to conduct additional expansion drilling of the deposit the winter of 2020.

During the nine months ended September 30, 2019, the Company incurred exploration expenditures of \$79,014 on the Grasset Property mainly related to planning for the upcoming winter 2020 drill program. .

Fenelon Property, Quebec

The Company completed acquisition of a 100% interest in the Fenelon Property in January of 2013. The Fenelon property adjoins the Grasset property to the northwest and west. It is extensively overburden covered. Geologically it overlays the central portion of the Grasset Ultramafic Complex and a several kilometer long segment of the gold-bearing Sunday Lake Deformation Zone. It also surrounds on three sides (south, east and west) the Fenelon/Discovery gold deposit.

High-grade nickel-copper-cobalt-PGE sulphide mineralization was discovered on the property by the Company in early 2019 within the GUC. Gold mineralization associated with a series of silicified shear veins and silica-albite altered shear zones is also present in various locations across the property.

More recently a new style of gold mineralization has been discovered on the adjacent Fenelon Mine Property within what has become known as the Area 51 corridor. During the third quarter the Company commenced and completed a four-hole diamond drill program which successfully extended the Area 51 gold system onto the Fenelon Property (Area 52 target) and discovered two, separate high-grade gold occurrences. One of these two occurrences returned 14 g/t gold over 3.29 metres in a shear zone paralleling the Sunday Lake deformation zone. The Company subsequently launched a follow-up 9 hole drill program targeting this new discovery for which results were pending at the time of preparation.

Ongoing drilling by Wallbridge on the Fenelon Mine Property has continued to expand the Area 51 gold discovery and which has now been traced to within 200 to 300 metres of the Company's holdings to the south, west and northwest of the Fenelon Mine Property. Much of the ground controlled by the Company in the area has never been drill tested. The early success in Area 52 suggests the Company's holdings surrounding the Fenelon Mine Property to the south, west and northwest should be considered highly prospective for additional gold discoveries.

Following the Company's recent (October 23, 2019) reacquisition of a 2% NSR relating to certain claims within the Fenelon Property there are NSR royalties of 1.0 to 1.6% in favour of former property owners and payable on commencement of commercial production on the claims comprising the Fenelon Property. Buyout provisions exist for certain portions of these royalties. The above mentioned NSR reacquisition was completed at no cost to the Company in exchange for certain intellectual property.

A sub-section of the Fenelon Property, representing roughly 10% of the broader Fenelon Property (the "Fenelon Mine Property"), was sold by the Company in 2016 to Wallbridge for \$3.5 million in cash and 2,381,575 common shares of Wallbridge. The Company retained a 1% NSR on all future mineral production from the Fenelon Mine Property. On October 10, 2018, the Company entered into a letter agreement and subsequently sold its rights and interests in the royalty to Ely Gold Royalties Inc. ("Ely Gold") in exchange for an immediate cash payment of \$500,000, as well as 1,000,000 common shares and 1,000,000 common share purchase warrants of Ely Gold, valued at \$125,000 and \$58,954 respectively at the date of the transaction and valued at \$320,000 and \$222,549 respectively as at September 30, 2019.

During the nine months ended September 30, 2019, the Company incurred exploration expenditures of \$1,531,688 on the Fenelon Property mainly related to the drill programs targeting Area 52. Additional drill testing and geophysical work is planned for the winter of 2020 targeting the new gold discoveries in Area 52 and in the Central GUC area of the Fenelon Property where the Company announced the discovery of high-grade nickel-copper-cobalt-PGE mineralization in early 2019.

Detour East (Massicotte) Property, Quebec

The Detour East Property covers over 20 kilometres of the Sunday/Detour Lake and Lower Detour Lake Deformation Zones stretching east from the Quebec-Ontario border. The property consists of 539 mining claims (approximately 21,172.71 hectares) held 100% by the Company and an additional 18 mining claims

(approximately 997.54 hectares) in which the Company holds a 63% joint venture interest and is the project operator. The Detour East Property is located immediately east of the Detour Lake Gold Mine.

There is a NSR of 2%, which relates to the entirety of the property, payable to a former property owner, which may be purchased by the Company at any time for \$1,000,000 for the first 50% of the NSR interest and \$2,000,000 for the remainder.

During the third quarter of 2018 the Company completed 6 holes totaling 1,885 metres on the property. Results included the discovery of two previously unknown ultramafic intrusive bodies on the property and an intercept of 1.60 g/t gold over 7.00 metres on the northeastern part of the property which appear to be an extension of the Vortex Gold Zone first identified on the adjacent Casualt Property. This new intersection would extend the Vortex Gold Zone to over 1,600 metres in strike length with it remaining open to the west on the Detour East Property.

During the nine months ended September 30, 2019, the Company incurred a total of \$36,977 in exploration and evaluation expenditures on the Detour East Property, mainly related to tenure management and assessment report preparation. The Company does not currently have any exploration plans for the Detour East property and has recently abandoned certain non-core claims.

Northshore Property, Ontario

The Northshore Property is located 4 kilometres south of the town of Schreiber in Ontario and approximately 70 kilometres west along the Trans-Canada Highway from the Hemlo gold deposit in the Schreiber-Hemlo greenstone belt. The property consists of two unpatented and 5 patented mineral claims (approximately 322.26 hectares) situated in the Township of Priske, Thunder Bay Mining Division, Ontario. Certain of the mineral claims on the Northshore Property have attached patented surface rights which form part of the Northshore Property.

Gold mineralization at Northshore is located in a highly fractured series of felsic intrusive rocks. High grade gold mineralization has been identified along several vein systems on the property, which include the Audney, Caly, Gino and former producing Northshore vein systems. The Audney and Caly veins are part of a broader zone of gold mineralization referred to as the Afric Zone which encompasses several high-grade veins and broad zones of strongly anomalous gold values located between them. The Afric Zone is the current focus of exploration on the Northshore Property with expansion of the high-grade vein systems a secondary priority.

On July 24, 2011, the Company entered into an Option Agreement with GTA Resources and Mining Inc. (“GTA”), pursuant to which GTA had the exclusive right to acquire up to a 70% interest in the Northshore Property. On July 14, 2014, GTA delivered a First Option vesting notice to the Company and subsequently advised the Company that it would not be proceeding with a Second Option which had been granted under the terms of the Option Agreement. Consequently, a 51%/49% participatory joint venture was formed between GTA and the Company, with GTA as the majority holder and project operator.

A three hole diamond drill program was completed on the Northshore property by GTA in the fall of 2018. Results were released in February of 2019 and were highlighted by an intercept of 1.05 g/t gold over 124.50 metres, including 11.15 g/t gold over 7.00 metres from the down-dip expansion of the Afric Gold Zone.

On October 17, 2018, GTA announced it had signed a letter of intent (the “Sale Agreement”) to sell all its mining assets to CBLT Inc. (“CBLT”), a non-arm’s length party with the same management as GTA, for \$1,050,000, to be paid in 35,000,000 treasury shares of CBLT.

On January 7, 2019, GTA shareholders approved the Sale Agreement. The shareholders also approved the delisting of GTA’s shares from the TSX Venture Exchange. GTA changed its name to GTA Financecorp Inc. (“GTA”) and consolidated its shares on a 1-new-for-50-old basis, so the Company’s 2,601,555

common shares of GTA were consolidated to 52,031 common shares of GTAF. These shares had limited value and therefore the Company recorded an impairment of the carrying value of the 52,031 common shares of GTAF to \$Nil at September 30, 2019.

On March 19, 2019, GTAF announced that it closed the Sale Agreement and in consideration received 21 million Units of CBLT at \$0.05 per Unit. These Units were distributed ratably to the GTAF shareholders. Each Unit consists of one common share of CBLT and one full common share purchase warrant (the “CBLT Warrants”). Each CBLT Warrant has a two-year term and can be exercised at \$0.08, and has an acceleration clause triggered if the closing price of CBLT’s common shares exceed \$0.16 for twenty consecutive trading days. The Company’s share of the distribution was 1,066,068 Units of CBLT with a total fair value of \$53,303. During the quarter ended September 30, 2019, the Company concluded that CBLT units had limited, if any, value and recorded an impairment charge to reduce its carrying value of CBLT Units to \$Nil at September 30, 2019.

As a result of its election not to participate in the most recent programs Balmoral holds an approximate 44.0% interest in the Northshore Property. No significant work is currently planned on the property and CBLT has advised the Company that it is seeking third party interest to further advance the property or to sell its interest in the property.

N2 Property

The N2 Property is located approximately 100 kilometres south of the Company’s Detour Trend Project, and approximately 25 kilometres south of Mattagami, Quebec. The N2 Property occurs along the regional scale Casa-Berardi fault corridor which is known to host significant gold mineralization on a number of nearby properties, including the Vezza gold mine which the N2 property flanks to the east.

The Company continues to seek a partner to advance the drill ready N2 Property.

Gargoyle, Goblin & Ghost Properties

On August 31, 2018, the Company entered into an Option Agreement (the “Gargoyle Agreement”) to acquire a 100% interest in the Gargoyle Property. The road-accessible Gargoyle Property is situated within the Lumby Lake greenstone belt, approximately 55 kilometres northeast of Atikokan, Ontario. The property, which is comprised of 42 claim units in two blocks, covers a series of recent nickel sulphide discoveries. The nickel occurrences are hosted within a poorly exposed ultramafic komatiite sequence traceable through the property for over 10 kilometres in available government airborne magnetic data which appears to have never been drill tested.

Payments under the Gargoyle Agreement total \$140,000 in cash and the issuance of 390,000 of the Company’s common shares as follows:

- Within 10 days of approval of the Gargoyle Agreement by the TSX: \$20,000 and 60,000 common shares (paid and issued)
- August 31, 2019: \$30,000 and 80,000 common shares (paid and issued)
- August 31, 2020: \$40,000 and 100,000 common shares
- August 31, 2021: \$50,000 and 150,000 common shares

All future payments are at the option of the Company. The Company may accelerate the payment schedule. Upon full payment of the cash and shares set out above the Company will grant a 2% NSR royalty to the vendor, half of which the Company may repurchase at any time for the sum of \$1,000,000. The Company also has a right of first refusal on the sale of the remaining NSR interest.

During the year ended December 31, 2018, the Company expanded the Gargoyle Property by staking another 697 claims and acquiring, by staking, two new properties nearby; Goblin and Ghost. The Goblin and Ghost properties are not subject to the terms of the Gargoyle Agreement. The additions make the Company the dominant landholder in the Lumby Lake greenstone belt. The Company has received the results of the airborne geophysical program completed earlier this year on the properties and identified numerous high-profile targets. The Company's exploration success at RUM and in Area 52 diverted funding from the Gargoyle project in 2019 but the Company has plans to be on the ground at Gargoyle in the spring of 2020.

RUM Properties

In September 2018, the Company acquired, by staking, four new nickel sulphide exploration properties in the Lac Rocher Nickel District in Quebec (the "RUM" properties). The Company expanded one of these properties to twice its previous size and acquired two new properties in the district by staking during the quarter. The properties are located approximately 140 kilometers northeast of Matagami, Quebec and are accessible from either Matagami or Chapais, Quebec on recently expanded logging road networks. The RUM properties cover numerous interpreted ultramafic intrusions belonging to the intrusive suite which hosts the nearby Lac Rocher nickel-copper deposit. The properties staked by the Company feature a number of airborne EM anomalies from widely spaced, historic government geophysical surveys.

During the fourth quarter of 2018 the Company contracted Geotech Ltd. of Aurora, Ontario to conduct a detailed airborne magnetic and electromagnetic survey of the RUM properties. Initial interpretation of the results from this survey were announced during the first quarter of 2019 and field work on the properties commenced during the second quarter.

During the quarter the Company announced the discovery of a new zone of outcropping Ni-Cu-Au-PGE mineralization – the Bluenose Zone – on the RUM North property. Follow-up work on the Bluenose discovery has confirmed the discovery of a new magmatic nickel sulphide system with gold, platinum and palladium values many times greater than those associated with the Lac Rocher deposit. As well mapping and prospecting has confirmed the presence of a number of other mafic-ultramafic intrusions within the project holdings.

The Company currently plans to conduct additional ground geophysical work at Bluenose and on other targets within the RUM project prior to initial drill testing in 2020.

Qualified Person and QA/QC

Mr. Darin Wagner, M.Sc., P.Geo. (Ontario, B.C., Restricted Permit - Quebec), a qualified person as defined by NI 43-101, has reviewed the scientific and technical information that forms the basis for the disclosure regarding the Company's Detour Gold Trend Project, Northshore and other Properties in this MD&A and has approved the disclosure herein. Mr. Wagner is not independent of the Company as he is the CEO and President and holds common shares and incentive stock options.

RISK FACTORS

The Company is in the business of acquiring, exploring and, if warranted, developing and exploiting natural resource properties, in the Provinces of Ontario and Quebec, Canada. Due to the nature of the Company's proposed business and the present stage of exploration of its mineral properties (which are all early stage exploration properties), the following risk factors, among others, will apply:

Resource Exploration and Development is Generally a Speculative Business: Resource exploration and development is a speculative business and involves a high degree of risk, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in size or grade to return a profit from production. The

marketability of natural resources that may be acquired or discovered by the Company will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations, the proximity and capacity of natural resource markets, government regulations, including regulations relating to prices, taxes, royalties, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. **Other than the mineral resource estimate discussed above for the Grasset Property and the Martiniere Property, there are no other resource estimates which the Company recognizes as current on any of the Company's other properties, and there are no known mineral reserves, on any of the Company's properties. The vast majority of exploration projects do not result in the discovery of commercially mineable deposits of ore.** Substantial expenditures are required to establish ore reserves through drilling and metallurgical and other testing techniques, determine metal content and metallurgical recovery processes to extract metal from the ore, and construct, renovate or expand mining and processing facilities. No assurance can be given that any level of recovery of ore reserves will be realized or that any identified mineral deposit, even if it is established to contain an estimated resource, will ever qualify as a commercial mineable ore body which can be legally and economically exploited.

Fluctuation of Metal Prices: Even if commercial quantities of mineral deposits are discovered by the Company, there is no guarantee that a profitable market will exist for the sale of the metals produced. Factors beyond the control of the Company may affect the marketability of any substances discovered. The prices of various metals have experienced significant movement over short periods of time, and are affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods. The supply of and demand for metals are affected by various factors, including political events, economic conditions and production costs in major producing regions. There can be no assurance that the price of any commodities will be such that any of the properties in which the Company has, or has the right to acquire, an interest may be mined at a profit.

Permits and Licenses: The operations of the Company will require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects, on reasonable terms or at all. Delays or a failure to obtain such licenses and permits or a failure to comply with the terms of any such licenses and permits that the Company does obtain, could have a material adverse effect on the Company.

Surface Rights and Access: Although the Company acquires the rights to some or all of the minerals in the ground subject to the mineral tenures that it acquires, or has a right to acquire, in most cases it does not thereby acquire any rights to, or ownership of, the surface to the areas covered by its mineral tenures. In such cases, applicable mining laws usually provide for rights of access to the surface for the purpose of carrying on mining activities, however, the enforcement of such rights through the courts can be costly and time consuming. It is necessary to negotiate surface access or to purchase the surface rights if long-term access is required. There can be no guarantee that, despite having the right at law to access the surface and carry on mining activities, the Company will be able to negotiate satisfactory agreements with any such existing landowners/occupiers for such access or purchase of such surface rights, and therefore it may be unable to carry out planned mining activities. In addition, in circumstances where such access is denied, or no agreement can be reached, the Company may need to rely on the assistance of local officials or the courts in such jurisdiction the outcomes of which cannot be predicted with any certainty. The inability of the Company to secure surface access or purchase required surface rights could materially and adversely affect the timing, cost or overall ability of the Company to develop any mineral deposits it may locate.

No Assurance of Profitability: The Company has no history of production or earnings and due to the nature of its business there can be no assurance that the Company will be profitable. The Company has not paid dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. All

of the Company's properties are in the exploration stage and the Company has not defined or delineated any proven or probable reserves on any of its properties. None of the Company's properties are currently under development. Continued exploration of its existing properties and the future development of any properties found to be economically feasible, will require significant funds. The only present source of funds available to the Company is through the sale of its equity shares, short-term, high-cost borrowing or the sale or optioning of a portion of its interest in its mineral properties. Even if the results of exploration are encouraging, the Company may not have sufficient funds to conduct the further exploration that may be necessary to determine whether or not a commercially mineable deposit exists. While the Company may generate additional working capital through further equity offerings, short-term borrowing or through the sale or possible syndication of its properties, there is no assurance that any such funds will be available on favourable terms, or at all. At present, it is impossible to determine what amounts of additional funds, if any, may be required. Failure to raise such additional capital could put the continued viability of the Company at risk.

Uninsured or Uninsurable Risks: Exploration, development and mining operations involve various hazards, including environmental hazards, industrial accidents, metallurgical and other processing problems, unusual or unexpected rock formations, structural cave-ins or slides, flooding, fires, metal losses and periodic interruptions due to inclement or hazardous weather conditions. These risks could result in damage to or destruction of mineral properties, facilities or other property, personal injury, environmental damage, delays in operations, increased cost of operations, monetary losses and possible legal liability. The Company may not be able to obtain insurance to cover these risks at economically feasible premiums or at all. The Company may elect not to insure where premium costs are disproportionate to the Company's perception of the relevant risks. The payment of such insurance premiums and of such liabilities would reduce the funds available for exploration and production activities.

Government Regulation: Any exploration, development or mining operations carried on by the Company will be subject to government legislation, policies and controls relating to prospecting, development, production, environmental and wildlife protection, mining taxes and labour standards. The Company cannot predict whether or not such legislation, policies or controls, as presently in effect, will remain so, and any changes therein (for example, significant new royalties or taxes), which are completely outside the control of the Company, may materially adversely affect the ability of the Company to continue its planned business within any such jurisdictions.

Global Financial Conditions: Market events and conditions, including disruptions in the Canadian, United States and international credit markets and other financial systems and the continued volatility of the Canadian, United States and global economic conditions, could, among other things, impede access to capital or increase the cost of capital, which would have an adverse effect on the Company's ability to fund its working capital and other capital requirements. Notwithstanding various actions by the U.S. and foreign governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions continue to be volatile and unpredictable. In addition, general economic indicators have deteriorated, including low levels of consumer sentiment and limited economic growth on a global basis. These disruptions in the current credit and financial markets have had, and could continue to have a material adverse impact on a number of financial institutions and have limited access to capital and credit for many companies, particularly junior resource enterprises such as the Company. These disruptions have and could continue to, among other things, make it more difficult for the Company to obtain capital and financing for its operations or to increase the cost of obtaining said capital and financing. The Company's access to additional capital may not be available on terms acceptable to the Company or at all.

Insufficient Financial Resources: The Company does not presently have sufficient financial resources to undertake by itself the exploration and development of all of its assets. Future property acquisitions and the future exploration/development of the Company's properties will therefore depend upon the Company's ability to obtain financing through the joint venturing of projects, private placement financing, public/private financing, short or long term borrowings or other means. There is no assurance that the

Company will be successful in obtaining the required financing. Failure to raise the required funds could result in the Company losing, or being required to dispose of, its interest in its properties.

Financing Risks: The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfil its obligations under any applicable agreements. There can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties.

Dilution to the Company's Existing Shareholders: The Company will require additional financing in the future. The Company may issue securities on less than favourable terms to raise sufficient capital to fund its business plan. Any transaction involving the issuance of equity securities or securities convertible into common shares would result in dilution, possibly substantial, to present and prospective holders of common shares.

Increased Costs: Management anticipates that costs at the Company's projects will frequently be subject to variation from one year to the next due to a number of factors, such as the results of ongoing exploration activities (positive or negative), changes in the nature of mineralization encountered, and revisions to exploration programs, if any, in response to the foregoing. In addition, exploration program costs are affected by the price of commodities such as fuel, rubber and electricity and the availability (or otherwise) of consultants and drilling contractors. Increases in the prices of such commodities or a scarcity of consultants or drilling contractors could cause the costs of exploration programs to increase significantly over those budgeted. A material increase in costs for any significant exploration program could have a significant effect on the Company's operating funds and ability to continue its planned exploration programs.

Dependence Upon Others and Key Personnel: The success of the Company's operations will depend upon numerous factors, many of which are beyond the Company's control, including (i) the ability of the Company to enter into strategic alliances through a combination of one or more joint ventures, mergers or acquisition transactions; and (ii) the ability to attract and retain current or additional key personnel in exploration, mine development, sales, marketing, technical support and finance. These and other factors will require the use of outside suppliers as well as the talents and efforts of the Company. There can be no assurance of success with any or all of these factors on which the Company's operations will depend. The Company has relied and may continue to rely, upon consultants and others for operating expertise.

Share Price Volatility: In recent years, the securities markets in the United States and Canada have experienced an increasingly high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploration or development stage 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. There can be no assurance that significant fluctuations in the trading price of the Company's common shares will not occur, or that such fluctuations will not materially adversely impact on the Company's ability to raise equity funding without significant dilution to its existing shareholders, or at all.

Exploration and Mining Risks: Fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the operation of mines and the conduct of exploration programs. Substantial expenditures are required to establish reserves through drilling, to develop metallurgical processes, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing mineral properties is affected by many factors including the cost of operations, variations of the grade of ore mined, fluctuations in the

price of gold or other minerals produced, costs of processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material. Short term factors, such as the need for orderly development of ore bodies or the processing of new or different grades, may have an adverse effect on mining operations and on the results of operations. There can be no assurance that minerals recovered in small scale laboratory tests will be duplicated in large scale tests under on-site conditions or in production scale operations. Material changes in geological resources, grades, stripping ratios or recovery rates may affect the economic viability of projects.

Environmental Restrictions: The activities of the Company are subject to environmental regulations promulgated by government agencies in different countries from time to time. Environmental legislation generally provides for restrictions and prohibitions on spills, releases or emissions into the air, discharges into water, management of waste, management of hazardous substances, protection of natural resources, antiquities and endangered species and reclamation of lands disturbed by mining operations. Certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

Regulatory Requirements: The activities of the Company are subject to extensive regulations governing various matters, including environmental protection, management and use of toxic substances and explosives, management of natural resources, exploration, development of mines, production and post-closure reclamation, exports, price controls, taxation, regulations concerning business dealings with indigenous peoples, labour standards on occupational health and safety, including mine safety, and historic and cultural preservation and regulations governing the practice of geology and engineering. Failure to comply with applicable laws and regulations may result in civil or criminal fines or penalties, enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions, any of which could result in the Company incurring significant expenditures. The Company may also be required to compensate those suffering loss or damage by reason of a breach of such laws, regulations or permitting requirements. It is also possible that future laws and regulations, or more stringent enforcement of current laws and regulations by governmental authorities, could cause additional expense, capital expenditures, restrictions on or suspension of the Company's operations and delays in the exploration and development of the Company's properties.

Limited Experience with Development-Stage Mining Operations: The Company has limited experience in placing resource properties into production, and its ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with other major resource companies that can provide such expertise. There can be no assurance that the Company will have available to it the necessary expertise when and if it places its resource properties into production.

Mineral resources are not mineral reserves and there is no assurance that any mineral resources will ultimately be reclassified as proven or probable reserves. Mineral resources which are not mineral reserves have not demonstrated economic viability.

Mining Industry is Intensely Competitive: The Company's business of the acquisition, exploration and development of mineral properties is intensely competitive. The Company may be at a competitive disadvantage in acquiring additional mining properties because it must compete with other individuals and companies, many of which have greater financial resources, operational experience and technical capabilities than the Company. The Company may also encounter increasing competition from other mining companies in efforts to hire experienced mining professionals. Increased competition could

adversely affect the Company's ability to attract necessary capital funding or acquire suitable producing properties or prospects for mineral exploration in the future.

Title Matters: The Company cannot guarantee title (whether of the Company or of any underlying vendor(s) from whom the Company may be acquiring its interest). Title to mineral properties may be subject to unregistered prior agreements or transfers, and may also be affected by undetected defects or the rights of indigenous peoples. The process of acquiring exploration concessions involves an application process and, until title to an exploration concession is actually granted, there can be no assurance that an exploration concession which has been applied for will be granted (especially as it is not always possible to determine if there are prior applications over the same ground).

The Company may be a "passive foreign investment company" under the U.S. Internal Revenue Code, which may result in material adverse U.S. federal income tax consequences to investors in the Company's common shares that are U.S. taxpayers: Investors in the Company's common shares that are U.S. taxpayers should be aware that the Company believes that it has been in prior years, and expects it will be in the current year a "passive foreign investment company" under Section 1297(a) of the U.S. Internal Revenue Code (a "PFIC"). If the Company is or becomes a PFIC, generally any gain recognized on the sale of the Common Shares and any "excess distributions" (as specifically defined) paid on the Common Shares must be ratably allocated to each day in a U.S. taxpayer's holding period for the Common Shares. The amount of any such gain or excess distribution allocated to prior years of such U.S. taxpayer's holding period for the Common Shares generally will be subject to U.S. federal income tax at the highest tax applicable to ordinary income in each such prior year, and the U.S. taxpayer will be required to pay interest on the resulting tax liability for each such prior year, calculated as if such tax liability had been due in each such prior year.

Alternatively, a U.S. taxpayer that makes a "qualified electing fund" (a "QEF") election with respect to the Company generally will be subject to U.S. federal income tax on such U.S. taxpayer's pro rata share of the Company's "net capital gain" and "ordinary earnings" (as specifically defined and calculated under U.S. federal income tax rules), regardless of whether such amounts are actually distributed by the Company. U.S. taxpayers should be aware, however, that there can be no assurance that the Company will satisfy record keeping requirements under the QEF rules or that the Company will supply U.S. taxpayers with required information under the QEF rules, in event that the Company is a PFIC and a U.S. taxpayer wishes to make a QEF election. As a second alternative, a U.S. taxpayer may make a "mark-to-market election" if the Company is a PFIC and its common shares are "marketable stock" (as specifically defined). A U.S. taxpayer that makes a mark-to-market election generally will include in gross income, for each taxable year in which the Company is a PFIC, an amount equal to the excess, if any, of (a) the fair market value of the common shares as of the close of such taxable year over (b) such U.S. taxpayer's adjusted tax basis in the common shares.

Due to the extreme complexity of the PFIC rules and the potentially materially adverse consequence to a shareholder that is a U.S. taxpayer of the Company being a PFIC, it is critical that each shareholder that is a U.S. taxpayer consult with that shareholder's U.S. tax adviser before undertaking any transactions in the Company's common shares.

SUMMARY OF QUARTERLY RESULTS

The following selected financial information is a summary of quarterly results taken from the Company's unaudited quarterly financial statements.

Description	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
Total assets	\$ 72,128,521	\$ 71,918,455	\$ 72,138,435	\$ 69,905,947
Working capital	\$ 2,530,377	\$ 3,611,567	\$ 4,150,431	\$ 3,497,818
Adjusted working capital*	\$ 2,530,377	\$ 3,820,455	\$ 4,563,225	\$ 3,497,818
Net loss for the period	\$ (460,434)	\$ (509,553)	\$ (119,159)	\$ (1,126,066)
Loss per share	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)

Description	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
Total assets	\$ 71,172,909	\$ 70,735,116	\$ 71,661,010	\$ 72,054,115
Working capital	\$ 4,744,857	\$ 6,293,315	\$ 6,685,834	\$ 9,075,682
Adjusted working capital*	\$ 5,077,825	\$ 7,035,979	\$ 7,539,809	\$ 10,150,017
Net loss for the period	\$ (324,984)	\$ (429,941)	\$ (720,702)	\$ (1,560,378)
Loss per share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)

* Includes short term tax recoveries and available-for-sale publicly traded shares but excludes flow-through share premium liability.

Total assets increased by \$210,066 in Q3 2019 compared to Q2 2019 mainly due to an increase in the carrying value of its marketable securities with the Company's investment in Ely Gold increasing from \$0.18 per Ely Gold share at June 30, 2019 to \$0.32 per Ely Gold share at September 30, 2019.

Total assets decreased by \$219,980 in Q2 2019 compared to Q1 2019 reflecting the Company's loss for the quarter. Cash and cash equivalents decreased by \$221,651 in Q2 2019. The cash decrease is from operating activities of \$401,289, exploration and evaluation expenditures of \$133,469 and lease payments of \$42,596, partially offset by a net cash receipt of \$295,449 from the closing on April 11, 2019 of the second tranche of its non-brokered private placement and \$60,254 from the sale of the remaining 156,075 Wallbridge common shares.

Total assets in Q1 2019 increased by \$2,232,488 compared to Q4 2018 mainly due to the closing of the first tranche of the non-brokered private placements in March 2019, providing net proceeds of \$1,637,191, and the adoption of IFRS 16, which resulted in the capitalization of \$737,288 of leases previously expensed as operating leases.

There was a decrease in total assets in Q4 2018 compared to Q3 2018 mainly due to a decrease in cash and cash equivalents and a decrease in marketable securities as the share price of the Company's investment in GTA decreased from \$0.03 per GTA share at September 30, 2018 to \$0.02 per GTA share at December 31, 2018. This was offset by an increase in input tax credits receivable and refundable tax credits receivable as the Company's exploration and evaluation expenditures in Q4 2018 led to an increase in input tax credits receivable as well as refundable tax credits receivable.

There was an increase in total assets in Q3 2018 compared to Q2 2018 due to an increase in marketable securities as the share price of the Company's investment in Wallbridge increased from \$0.07 per Wallbridge share at June 30, 2018 to \$0.22 per share at September 30, 2018. Total assets further increased by \$255,436 in Q3 2018 due to an increase in input tax credits receivable and refundable tax credits receivable as the Company's exploration and evaluation expenditures in Q3 2018 led to an increase in input tax credits receivable as well as refundable tax credits receivable.

Total assets decreased by \$925,894 in Q2 2018 compared to Q1 2018 and decreased by \$393,105 in Q1 2018 compared to Q4 2017 reflecting the Company's loss for the quarter. Cash and cash equivalents decreased by \$1,280,724 in Q2 2018 and \$2,404,992 in Q1 2018; \$366,242 (Q2 2018) and \$792,554 (Q1

2018) of the cash decrease is from operating activities, \$914,482 (Q2 2018) and \$1,563,256 (Q1 2018) of cash expenditures is for exploration and evaluation expenditures, and \$49,182 of cash expenditures in Q1 2018 is for the purchase of vehicles.

The working capital decreased by \$928,972 in Q3 2019 compared to Q2 2019 and by \$838,047 in Q2 2019 compared to Q1 2019. The decrease in Q3 2019 was mainly due to \$308,345 of cash and cash equivalents used on operating expenditures, \$819,160 used on exploration and evaluation expenditures, \$43,672 of lease payments and \$6,818 of share issuance costs partially offset by an increase in marketable securities of \$216,743 due to the increase in price per share of the Company's investment in Ely Gold. The decrease in Q2 2019 was mainly due to \$401,289 of cash and cash equivalents used on operating expenditures, \$133,469 of cash used on exploration and evaluation expenditures, and \$42,596 of lease payments offset by cash receipts of \$295,449 from the April 2019 private placement and \$60,254 from the sale of Wallbridge common shares.

Working capital increased by \$652,613 in Q1 2019 compared to Q4 2018 because of the financings in March 2019, offset by expenditures on exploration and evaluation activities and general administrative expenses.

Working capital decreased by \$1,247,039 in Q4 2018 compared to Q3 2018, decreased by \$1,548,458 in Q3 2018 compared to Q2 2018, decreased by \$392,519 in Q2 2018 compared to Q1 2018 and decreased by \$2,389,848 in Q1 2018 compared to Q4 2017. The decrease in Q4 2018 was mainly due to \$2,161,951 of cash used on exploration and evaluation expenditures offset by \$202,134 of proceeds from sale of the Wallbridge shares. The decrease in Q3 2018 was mainly due to \$1,566,421 of cash used on exploration and evaluation expenditures offset by \$113,885 of proceeds from sale of the Wallbridge shares. This decrease in Q2 2018 was mainly due to \$366,242 of cash and cash equivalents used on operating expenditures, \$914,482 of cash used on exploration and evaluation expenditures, and \$600,000 increase in Quebec refundable tax credit. During the period ended June 30, 2018 the Company determined that it was eligible for the additional refundable tax credit, which has been included in input tax credit receivable, and amended its 2016 Quebec return accordingly. While the timing of receipt of any refundable tax credit is dependent on the individual tax authorities, the Company believes this amount will be received within the next 12 months.

The working capital decrease in Q1 2018 was mainly due to \$792,554 of cash and cash equivalents used on operating expenditures, \$1,563,256 of cash used on exploration and evaluation expenditures, and \$49,182 of cash used to purchase a vehicle to support exploration activities in Q1 2018.

Net loss in Q3 2019 compared to Q2 2019 increased by \$49,119. This change was mainly due to a decrease in share-based compensation expenses of \$233,149 in Q3 2019 compared to Q2 2019 (\$nil in Q3 compared to \$255,149 in Q2 from the grant of stock options and by \$22,000 in Q3 compared to \$nil in Q2 from the issuance of deferred share units to the directors). There was an increase in fair value adjustment of \$232,009 on marketable securities mainly due to the increase in share price of the Company's investment in Ely Gold. These were offset by an increase in deferred tax expense of \$443,836 (deferred tax expense of \$320,684 in Q3 2019 compared to deferred tax recovery of \$120,814 in Q2 2019).

Net loss in Q2 2019 compared to Q1 2019 increased by \$390,394. This change was mainly due to share-based compensation expenses of \$255,149 in Q2 compared to \$nil in Q1 and a smaller gain from the sale of Wallbridge marketable securities of \$47,147 in Q2 compared to \$169,545 in Q1.

The decrease in net loss of \$1,006,907 in Q1 2019 compared to Q4 2018 was due to a decrease in salaries and benefit of \$155,089, mainly due to the severance payment to the Ex-Vice President in Q4 2018, an impairment charge in Q4 of \$360,565 and a deferred income tax expense of \$191,433 in Q4 versus a deferred tax recovery of \$120,814 in Q1; a change of \$312,247.

Net loss in Q4 2018 compared to Q3 2018 increased by \$801,082. This change was mainly due to share-based compensation expenses of \$nil in Q4 compared to \$239,976 in Q3, a deferred income tax expense of \$191,433 in Q4 compared to an expense of \$59,678 in Q3 and fair value adjustment on marketable securities of a loss of \$180,982 in Q4 compared to a gain of \$276,218 in Q3. These decreases were offset by an increase in salaries and benefit of \$161,392 mainly due to severance payment to the Ex-Vice President, Exploration in Q4 2018 compared to Q3 2018 and an increase in impairment of exploration and evaluation assets in Q4 2018 compared to Q3 2018.

Net loss in Q3 2018 compared to Q2 2018 decreased by \$104,957. This change was principally due to share-based compensation expense in Q3 of \$239,976 compared to \$nil in Q2 and a deferred tax expense of \$59,678 in Q3 compared to a deferred tax recover of \$122,037 in Q2. These increases were offset by a gain on marketable securities in Q3 of \$71,896, a gain in fair value adjustment on marketable securities of \$276,218 in Q3 compared to a gain of \$10,808 in Q2 and decreases in salaries, shareholder communication costs and office expenses.

Net loss in Q2 2018 compared to Q1 2018 decreased by \$290,761, Q1 2018 decreased by \$839,676 compared to Q4 2017. The changes in net loss were mainly due to the changes in deferred income tax expense in the quarters as a result of qualifying exploration expenses in the quarters.

RESULTS OF OPERATIONS

Nine months ended September 30, 2019 compared to nine months ended September 30, 2018

During the nine months ended September 30, 2019, the Company had a net loss of \$1,089,146 (2018 - \$1,654,382). The net loss is principally comprised of general administrative expenses of \$1,416,003 (2018 - \$1,801,061) net of interest expense of \$17,651 (2018 – interest income of \$67,847), gain on sale of marketable securities of \$216,692 (2018 - \$71,896), fair value adjustment on marketable securities of \$205,594 (2018 - \$nil) and deferred income tax expense of \$76,718 (2018 - recovery of \$7,620).

Share-based compensation was \$277,149 compared to \$239,976 in the comparative fiscal period. 4,545,000 stock options were granted at a weighted average fair value of \$0.06 resulting in share-based compensation charge of \$255,149 and 111,111 deferred share units (“DSUs”) were issued at a weighted average fair value of \$0.20 in settlement of \$22,000 in directors’ fees for the months of August and September. During the nine months ended September 30, 2018, 2,805,000 options were granted at a weighted average fair value of \$0.09 resulting in share-based compensation charge of \$239,976.

Consulting fees increased from \$56,365 to \$70,000 mainly due to a decrease of \$7,000 in the consulting fees paid to the CFO as well as a decrease in finders’ fee paid to a recruiter due to the termination of contracts with certain consultants offset by an increase in financial advisory paid to a new consultant of \$25,000 in the current period.

Filing and transfer agent’s fees increased from \$87,912 to \$110,540 in the current period mainly due to an increase in Part XII.6 tax as a result of timing of flow-through expenditures in the current period offset by a decrease in filing fees resulting from the Company’s reduced market capitalization in the current period.

Office and miscellaneous expenses decreased from \$252,483 to \$59,632, depreciation expenses increased from \$10,264 to \$150,163 and interest expense was \$17,651 in the current period compared to interest income of \$67,847 in 2018. These changes were mainly due to the adoption of IFRS 16 – *Leases* which resulted in a decrease in rent expenses, which is included in office and miscellaneous expenses, and an increase in depreciation and interest expenses.

Professional fees decreased from \$192,061 to \$175,018 mainly reflecting decreased accounting fees as a result of changes in contracts with certain consultants offset by an increase in legal fees as the Company worked on revising its DSU and stock option plans and various other agreements in the current period.

Salaries and benefits decreased from \$672,359 to \$455,754. No bonuses were paid in 2019 compared to bonuses paid to several employees in the comparative period of the prior year and there was a decrease in the number of employees and a decrease in salary for a number of employees in the current period. This was further decreased as a result of the external directors agreeing to receive their directors' fees in DSUs commencing from August 1, 2019.

Shareholder communication decreased from \$187,738 to \$92,072 and travel and related costs decreased from \$28,286 to \$3,310 reflecting an overall decrease in promotional activities, including the termination of contracts with certain shareholder communication service providers, and due to the timing of conferences and roadshows.

The Company had a net gain of \$216,692 from selling 1,056,075 Wallbridge shares in the current period compared to \$71,896 from selling 500,000 Wallbridge shares in the prior year.

During the nine months ended September 30, 2019, the Company incurred \$1,486,404 of qualified flow-through funded exploration expenditures, which, subject to audit, fulfilled its commitment under the flow-through share financing on March 15, 2019.

Three months ended September 30, 2019 compared to three months ended September 30, 2018

During the three months ended September 30, 2019, the Company had a net loss of \$460,434 (2018 - \$601,202). The net loss is principally comprised of general administrative expenses of \$348,198 (2018 - \$630,249), interest expense of \$8,288 (2018 - interest income of \$18,113), gain on sale of marketable securities of \$nil (2018 - \$71,896), fair value adjustment on marketable securities of \$216,743 (2018 - \$nil) and deferred income tax expense of \$320,684 (2018 - \$59,678).

Share-based compensation was \$22,000 compared to \$239,976 in the comparative fiscal period. 111,111 deferred share units were issued at a weighted average fair value of \$0.20 in settlement of \$22,000 of directors' fees for the months of August and September. 2,805,000 options were granted at a weighted average fair value of \$0.09 resulting in share-based compensation charge of \$239,976 during the three months ended September 30, 2018.

Consulting fees increased from \$15,000 to \$40,000 due to \$25,000 paid to a new consultant in the current period.

Office and miscellaneous expenses decreased from \$67,604 to \$18,195, depreciation expense increased from \$3,422 to \$55,809 and interest expense increased from an income of \$18,113 in the comparative period of the prior year to an expense of \$8,288 in the current period. These changes were mainly due to the adoption of IFRS 16 – *Leases* which resulted in a decrease in rent expenses, which is included in office and miscellaneous expenses, and an increase in depreciation and interest expenses.

Professional fees decreased from \$64,199 to \$26,141 mainly reflecting decreased accounting fees as a result of changes in contracts with certain consultants offset by an increase in legal fees as the Company worked on revising its stock option plans and various other agreements in the current period.

Salaries and benefits decreased from \$162,436 to \$120,290. There was a decrease in the number of employees and a decrease in salary for a number of employees in the current period. This was further decreased as a result of the directors agreeing to receive their directors' fees in DSUs commencing from August 1, 2019.

Shareholder communication increased from \$34,358 to \$47,994 and travel and related costs decreased from \$1,322 to \$540 due to the timing of conferences and roadshows.

The Company had a net gain of \$nil in the current period compared to \$71,896 from selling 500,000 Wallbridge shares in the prior year.

During the three months ended September 30, 2019, the Company incurred \$661,480 of qualified flow-through funded exploration expenditures, which, subject to audit, fulfilled its commitment under the flow-through share financing on March 15, 2019.

LIQUIDITY AND CAPITAL RESOURCES

The Company has no revenue generating operations from which it can internally generate funds. To date, the Company's operations have been predominantly financed by the sale of its equity securities by way of private placements and the exercise of incentive stock options and share purchase warrants. In addition, the Company can and has raised funds through the sale of interests in its mineral properties. This situation is unlikely to change until such time as the Company can develop a bankable feasibility study on one of its projects. When acquiring an interest in mineral properties through purchase or option the Company will sometimes issue common shares to the vendor or optionee of the property as partial or full consideration in order to conserve its cash.

The Company had working capital of \$2,530,377 at September 30, 2019, which includes cash and cash equivalents of \$1,364,710, short term tax recoveries and available-for-sale publicly traded shares in other companies. This compares to working capital of \$3,497,818, including cash and cash equivalents of \$1,299,534, at December 31, 2018.

The Company expects that it will operate at a loss for the foreseeable future however, the Company believes that its cash and cash equivalents as at the date of this MD&A are sufficient for the Company's currently planned operating needs for the next 12 months. The Company would require additional financing during 2019/2020 to fund any increase above planned expenditures levels.

On March 15, 2019, the Company closed the first tranche of its non-brokered private placement and raised gross proceeds of \$1,486,404 through the issuance of 7,823,180 flow-through common shares at a price of \$0.19 per flow-through common share and gross proceeds of \$304,500 from the issuance of 2,174,999 units at a price of \$0.14 per unit. Each unit consists of one non-flow-through common share and one-half of one common share purchase warrant. Each full share purchase warrant entitles the holder to purchase one common share at an exercise price of \$0.25 until September 16, 2020.

In consideration of the finders' services, the Company paid the finders cash commission of \$73,370 and issued 386,158 agent warrants. Each warrant entitles the agent to purchase one common share of the Company at a price of \$0.25 until September 16, 2020. Using the Black-Scholes option pricing model, these warrants had a fair value of \$10,373, or \$0.027 per warrant. In connection with the financing, the Company paid an additional \$80,343 in share issuance costs.

On April 11, 2019, the Company closed the second and final tranche of its non-brokered private placement and raised gross proceeds of \$340,560 through the issuance of 2,432,856 units at a price of \$0.14 per unit. Each unit consists of one non-flow-through common share and one-half of one common share purchase warrant. Each full share purchase warrant entitles the holder to purchase one common share at an exercise price of \$0.25 until October 11, 2020. In connection with the financing, the Company paid \$45,151 in share issuance costs.

On October 28, 2019, the Company closed the first tranche of its non-brokered private placement and raised gross proceeds of \$1,650,000 through the issuance of 7,173,913 Quebec flow-through common shares (the "Quebec Flow-Through Shares") at a price of \$0.23 per Quebec Flow-Through Share and gross proceeds of \$250,000 from the issuance of 1,315,790 National flow-through common shares (the "National Flow-Through Shares") at a price of \$0.19 per National Flow-Through Share. The Quebec Flow-Through Shares

and the National Flow-Through Shares are subject to a four month and one day hold period from the date of closing of the first tranche of the Offering.

On November 8, 2019, the Company closed the second and final tranche of its non-brokered private placement and raised gross proceeds of \$1,591,397 through the issuance of 9,361,158 units at a price of \$0.17 per unit. Each unit consists of one non-flow-through common share and one-half of one common share purchase warrant. Each full share purchase warrant entitles the holder to purchase one common share at an exercise price of \$0.30 until May 8, 2021. The non-flow-through common shares are subject to a four month and one day hold period from the date of closing of the second tranche of the Offering.

In consideration of their assistance with the Offering the Company agreed to pay certain finders cash fees totaling \$171,595 and to issue 875,041 common share purchase warrants (the “Finders’ Warrants”). Each Finders’ Warrant entitles the holder to purchase one common share of the Company at a price of \$0.30 for a period of 18 months from closing. Using the Black-Scholes option pricing model, the warrants had a fair value of \$38,223, or \$0.044 per warrant. The Company also paid \$20,800 in legal and administration fees upon closing.

On November 12, 2019, the Company received \$1,021,729 in Quebec refundable tax credit. The Company had amended its 2017 Quebec return to include an additional \$1,024,411 in Quebec refundable tax credit which was included in the refundable tax credit receivable for the period ended September 30, 2019.

RELATED PARTY TRANSACTIONS

During the three months and nine months ended September 30, 2019 the Company entered into the following transactions with related parties and paid or accrued the following amounts, excluding share-based compensation expenses, in connection therewith:

Name	Relationship	Purpose of Transaction	Three Months Ended	Nine Months Ended
Darin Wagner	President and CEO	Salaries and benefits	\$ 70,000	\$ 210,000
Blue Pegasus Consulting Inc.	Company controlled by the CFO	Financial Consulting Services (included in Consulting Fees)	\$ 15,000	\$ 45,000
John Foulkes	Vice President, Corporate Development	Salaries and benefits	\$ 30,000	\$ 110,000
Lawrence W. Talbot	Director	Directors Fees (included in Salaries and benefits)	\$ 2,750	\$ 19,250
Graeme Currie	Director	Directors Fees (included in Salaries and benefits)	\$ 2,333	\$ 16,333
Daniel MacInnis	Director	Directors Fees (included in Salaries and benefits)	\$ 3,167	\$ 22,167
Bryan Disher	Director	Directors Fees (included in Salaries and benefits)	\$ 2,750	\$ 19,250

During the nine months ended September 30, 2019, the following stock options were granted to reporting insiders.

Name	Relationship	Grant Date	Number Granted	Exercise Price
Darin Wagner	President and CEO	April 12, 2019	1,035,000	\$ 0.18
Peggy Wu	CFO	April 12, 2019	270,000	\$ 0.18
John Foulkes	Vice President, Corporate Development	April 12, 2019	270,000	\$ 0.18
Lawrence W Talbot	Director	April 12, 2019	270,000	\$ 0.18
Graeme Currie	Director	April 12, 2019	270,000	\$ 0.18
Daniel MacInnis	Director	April 12, 2019	315,000	\$ 0.18
Bryan Disher	Director	April 12, 2019	270,000	\$ 0.18

The foregoing incentive stock options have a term of 5 years and are not subject to vesting provisions.

During the three months ended September 30, 2019, no stock options were granted to reporting insiders.

During the nine months and three months ended September 30, 2019, the following deferred share units were granted to reporting insiders.

Name	Relationship	Award Date	Unit	Fair Value
Daniel MacInnis	Director	September 30, 2019	31,985	\$ 0.20
Lawrence Talbot	Director	September 30, 2019	27,778	\$ 0.20
Graeme Currie	Director	September 30, 2019	23,570	\$ 0.20
Bryan Disher	Director	September 30, 2019	27,778	\$ 0.20

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off -Balance Sheet arrangements.

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are controls and other procedures that are designed to provide reasonable assurance that all relevant information required to be disclosed in the Company's reports filed or submitted as part of the Company's continuous disclosure requirements is gathered and reported to senior management, including the Company's Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure and such information can be recorded, processed, summarized and reported within the time periods specified by applicable regulatory authorities.

Management of the Company, with the participation of the Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures as at September 30, 2019 as required by Canadian securities laws. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that the disclosure controls and procedures were effective as of September 30, 2019. However, Management and the Board recognize that no matter how well designed the Company's control systems are, such controls can only provide reasonable assurance, not absolute assurance, of detecting, preventing and deterring errors.

EVALUATION OF INTERNAL CONTROLS OVER FINANCIAL REPORTING

Internal controls over financial reporting means a process designed by, or under the supervision of, the Company's certifying officers, and effected by the Company's board of directors, management and other

personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS and include those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and disposition of assets of the Company;
- are designed to provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with IFRS and that receipts and expenditures of the Company are being made only in accordance with authorization of management and directors of the Company; and
- are designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the annual financial statements or interim financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

The Company's management, including the Chief Executive Officer and the Chief Financial Officer, have evaluated the effectiveness of the Company's internal controls over financial reporting as of September 30, 2019. This evaluation was based on the framework in Internal Control – Integrated Framework issued by the Committee of the Sponsoring Organizations of the Treadway Commission.

Based on the assessment, management concluded that the Company's internal control over financial reporting was effective as of September 30, 2019.

CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Chief Executive Officer and Chief Financial Officer have concluded that there has been no change in the Company's internal control over financial reporting during the year beginning on January 1, 2019 and ended on September 30, 2019.

PROPOSED TRANSACTION

As at the date of this MD&A there are no proposed transactions, not otherwise reported herein, where the Board of Directors or senior management believes that confirmation of the decision by the board is probable or with which the board and senior management have decided to proceed.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting year. Actual outcomes could differ from these estimates. The Company's consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future years if the revision affects both current and future years. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

Assumptions used in the calculation of the fair value assigned to share-based compensation

The Black-Scholes 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 therefore the share-based compensation expense recorded and the Company's equity reserves.

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities.

Provisions for environmental rehabilitation

The Company assesses its provisions for environmental rehabilitation on an annual basis or when new material information becomes available. Provisions for environmental rehabilitation require management to make estimates of the future costs of the work required to comply with legal or constructive obligations. Actual costs incurred may differ from the amounts estimated. Future changes to environmental laws and regulations could change the extent of work required to be performed, which could materially impact the amounts provided for environmental rehabilitation.

Critical accounting judgments

Critical accounting judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

Going concern

The assumption that the Company will be able to continue as a going concern is subject to critical judgments of management with respect to assumptions surrounding the short- and long-term operating budget, expected profitability, investing and financing activities, and management's strategic planning. Should those judgments prove to be inaccurate, management's continued use of the going concern assumption could be inappropriate.

Refundable tax credits and flow-through expenditures

The Company is entitled to refundable tax credits and tax credits on qualified resource expenditures incurred in Canada. Management's judgment is applied in determining whether expenditures are eligible for claiming such credits.

The Company is also required to spend proceeds received from the issuance of flow-through shares on qualifying resource expenditures. Management's judgment is applied in determining whether qualified expenditures have been incurred. Differences in judgment between management and regulatory authorities could materially decrease refundable tax credits, increase the flow-through premium liability and flow-through expenditure commitment.

Evaluation of the nature of interests in undivided assets

Management has determined that the contractual arrangement discussed in Note 7(iii)(a) of the consolidated financial statements does not meet the definition of a joint operation under IFRS 11 Joint Arrangements, as the Company and GTA do not share joint control. However, as the Company retains a 46% undivided interest on the Northshore Property, the Company has accounted for this interest by recognizing its share of the assets, liabilities and expenditures under the arrangement.

Valuation of exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation assets and expenditures requires judgment to determine whether future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves. Resource exploration is a speculative business and involves a high degree of risk. There is no certainty that the expenditures made by the Company in the exploration of its property interests will result in discoveries of commercial quantities of minerals. Exploration for mineral deposits involves risks, which even a combination of professional evaluation and management experience may not eliminate. Significant expenditures are required to locate and estimate ore reserves and further the development of a property. Capital expenditures to bring a property to a commercial production stage are also significant. There is no assurance the Company has, or will have, commercially viable ore bodies and there is no assurance that the Company will be able to arrange sufficient financing to bring ore bodies into production.

NEW ACCOUNTING PRONOUNCEMENTS

IFRS 16 Leases

IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 Leases.

IFRS 16 became applicable to the Company beginning on January 1, 2019. The effects of adopting IFRS 16 as at January 1, 2019 and for the nine months ended September 30, 2019 are disclosed in Note 3 of the unaudited condensed interim consolidated financial statements for the nine months ended September 30, 2019.

RISK MANAGEMENT, CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS

The Company manages its capital structure and makes adjustments to it based on the funds available to the Company in order to support future business opportunities. The Company defines its capital as shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to manage its capital to be able to sustain the future development of the Company's business.

The Company currently has no regular source of revenues, and therefore is dependent upon external financings to fund activities. In order to pursue exploration activities and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the nine months ended September 30, 2019. The Company is not subject to externally imposed capital requirements.

The Company classified its cash and cash equivalents as financial assets at fair value through profit or loss; accounts receivable as loans and receivables; marketable securities as available for sale; share purchase warrants as held-for-trading; and accounts payable and accrued liabilities as other financial liabilities. The

carrying values of accounts receivable and accounts payable and accrued liabilities approximate their fair values due to the short term to maturity of these financial instruments.

DISCLOSURE OF OUTSTANDING SHARE DATA

(a) Authorized and Issued capital stock:

As at September 30, 2019

Authorized	Issued	Amount
An unlimited number of common shares without par value	151,081,811	\$ 83,054,576

As at November 13, 2019

Authorized	Issued	Amount
An unlimited number of common shares without par value	168,932,672	\$ 85,693,446

(b) Options Outstanding:

As at September 30, 2019 and as at November 13, 2019

Number	Exercise Price	Expiry Date
150,000	\$ 0.90	December 23, 2019
360,000	\$ 0.77	June 18, 2020
1,490,000	\$ 0.60	March 14, 2021
175,000	\$ 0.90	November 7, 2021
350,000	\$ 0.70	December 23, 2021
1,812,500	\$ 0.78	March 22, 2022
2,605,000	\$ 0.18	September 7, 2023
4,545,000	\$ 0.18	April 12, 2024
<hr/> 11,487,500 <hr/>		

(c) Warrants Outstanding:

As at September 30, 2019

Number	Exercise Price	Expiry Date
1,087,498	\$ 0.25	September 16, 2020
386,158*	\$ 0.25	September 16, 2020
1,216,427	\$ 0.25	October 11, 2020
2,690,083		

*Agent's/Finders' warrants

As at November 13, 2019

Number	Exercise Price	Expiry Date
1,087,498	\$ 0.25	September 16, 2020
386,158*	\$ 0.25	September 16, 2020
1,216,427	\$ 0.25	October 11, 2020
424,484*	\$ 0.30	April 25, 2021
4,680,578	\$ 0.30	May 8, 2021
450,557*	\$ 0.30	May 8, 2021
8,245,702		

*Agent's/Finders' warrants

(d) Deferred Share Units Outstanding:

As at September 30, 2019 and as at November 13, 2019

Number
111,111
111,111

ADDITIONAL SOURCES OF INFORMATION

Additional disclosures pertaining to the Company, including its most recent interim unaudited and audited financial statements, management information circular, material change reports, press releases and other information, are available on the SEDAR website at www.sedar.com or on the Company's website at www.balmoralresources.com.