

## **ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*The following discussion and analysis should be read in conjunction with our condensed interim consolidated financial statements for the three months ended August 31, 2018, and the related notes thereto, which have been prepared in accordance with generally accepted accounting principles in the United States ("U.S. GAAP"). This discussion and analysis contains forward-looking statements and forward-looking information that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements and information as a result of many factors. See section heading "Note Regarding Forward-Looking Statements" below. All currency amounts are stated in Canadian dollars unless noted otherwise.*

### **CAUTIONARY NOTE TO U.S. INVESTORS REGARDING ESTIMATES OF MEASURED, INDICATED AND INFERRED RESOURCES AND PROVEN AND PROBABLE RESERVES**

Corvus Gold Inc. ("we", "us", "our," "Corvus" or the "Company") is a mineral exploration company engaged in the acquisition and exploration of mineral properties. The mineral estimates in the Technical Report (as defined below) referenced in this Quarterly Report on Form 10-Q have been prepared in accordance with the requirements of the securities laws in effect in Canada, which differ from the requirements of United States securities laws. As used in the Technical Report referenced in this Quarterly Report on Form 10-Q, the terms "mineral reserve", "proven mineral reserve" and "probable mineral reserve" are Canadian mining terms as defined in accordance with Canadian National Instrument 43-101 "Standards of Disclosure for Mineral Projects" ("NI 43-101") and the Canadian Institute of Mining, Metallurgy and Petroleum (the "CIM") Definition Standards on Mineral Resources and Mineral Reserves, adopted by the CIM Council, as amended. These definitions differ materially from the definitions in the United States Securities and Exchange Commission ("SEC") Industry Guide 7 ("SEC Industry Guide 7"). Under SEC Industry Guide 7 standards, a "final" or "bankable" feasibility study is required to report reserves, the three-year historical average price is used in any reserve or cash flow analysis to designate reserves, and the primary environmental analysis or report must be filed with the appropriate governmental authority.

In addition, the terms "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" are defined in and required to be disclosed by NI 43-101; however, these terms are not defined terms under SEC Industry Guide 7 and are normally not permitted to be used in reports and registration statements filed with the SEC. Investors are cautioned not to assume that all or any part of a mineral deposit in these categories will ever be converted into reserves. "Inferred Mineral Resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all, or any part, of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred Mineral Resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. Investors are cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable. Disclosure of "contained ounces" in a resource is permitted disclosure under Canadian regulations; however, the SEC normally only permits issuers to report mineralization that does not constitute "reserves" by SEC standards as in place tonnage and grade without reference to unit measures.

Accordingly, information contained in this report and the Technical Report referenced in this report contain descriptions of our mineral deposits that may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder.

### **CAUTIONARY NOTE TO ALL INVESTORS CONCERNING ECONOMIC ASSESSMENTS THAT INCLUDE INFERRED RESOURCES AND HISTORICAL ESTIMATES**

The Company currently holds or has the right to acquire interests in an advanced stage exploration project in Nye County, Nevada referred to as the North Bullfrog Project (the "NBP") and interests in the Mother Lode Property ("MLP" or "Mother Lode"). Mineral resources that are not mineral reserves have no demonstrated economic viability. The preliminary economic assessment included in the Technical Report on the NBP is preliminary in nature and includes "inferred Mineral Resources" that have a great amount of uncertainty as to their existence, and are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves. It cannot be assumed that all, or any part, of an inferred mineral resource will ever be upgraded

to a higher category. Under Canadian rules, estimates of inferred Mineral Resources may not form the basis of feasibility or pre-feasibility studies. There is no certainty that such inferred Mineral Resources at the NBP will ever be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Investors are cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable. Readers should refer to the Technical Report for additional information.

## **NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This Quarterly Report on Form 10-Q and the exhibits attached hereto contain “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, as amended, and “forward-looking information” within the meaning of applicable Canadian securities legislation, collectively “forward-looking statements”. Such forward-looking statements concern our anticipated results and developments in the operations of the Company in future periods, planned exploration activities, the adequacy of the Company’s financial resources and other events or conditions that may occur in the future. Forward-looking statements are frequently, but not always, identified by words such as “expects,” “anticipates,” “believes,” “intends,” “estimates,” “potential,” “possible” and similar expressions, or statements that events, conditions or results “will,” “may,” “could” or “should” (or the negative and grammatical variations of any of these terms) occur or be achieved. These forward-looking statements may 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, including for the NBP and the MLP;
- the Company’s estimates of the quality and quantity of the Mineral Resources at its mineral properties;
- the timing and cost of planned exploration programs of the Company, and the timing of the receipt of results therefrom;
- the Company’s future cash requirements and use of proceeds of sales;
- general business and economic conditions;
- the Company’s ability to meet its financial obligations as they come due, and the ability to raise the necessary funds to continue operations;
- the Company’s expectation that it will be able to add additional mineral projects of merit to its assets;
- the potential for the existence or location of additional high-grade veins at the NBP, or high-grade mineralization at the MLP;
- the potential to expand Company’s existing deposits and discover new deposits;
- the potential for any delineation of higher grade mineralization at the NBP or MLP;
- the potential for there to be one or more additional vein zones;
- the potential discovery and delineation of mineral deposits/resources/reserves and any expansion thereof beyond the current estimate;
- the potential for the NBP or the MLP mineralization systems to continue to grow and/or to develop into a major new higher-grade, bulk tonnage, Nevada gold discovery;
- the Company’s expectation that it will be able to build itself into a non-operator gold producer with significant carried interests and royalty exposure;
- that the Company will operate at a loss;
- that the Company will need to scale back anticipated costs and activities or raise additional funds;
- that the Company will have to raise substantial additional capital to accomplish its business plan over the next couple of years;
- the historic estimates of the MLP as an indication of the presence of mineralization;
- the estimated reclamation and asset retirement costs;
- the plans related to the development of the MLP and the NBP; and
- the MLP work plan and mine development plan/program.

Such forward-looking statements reflect the Company’s current views with respect to future events and are subject to certain known and unknown risks, uncertainties and assumptions. Many factors could cause actual results,

performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, among others, risks related to:

- our requirement of significant additional capital;
- our limited operating history;
- our history of losses;
- cost increases for our exploration and, if warranted, development projects;
- our properties being in the exploration stage;
- mineral exploration and production activities;
- our lack of mineral production from our properties;
- estimates of Mineral Resources;
- changes in mineral resource estimates;
- differences in United States and Canadian mineral reserve and mineral resource reporting;
- our exploration activities being unsuccessful;
- fluctuations in gold, silver and other metal prices;
- our ability to obtain permits and licenses for production;
- government and environmental regulations that may increase our costs of doing business or restrict our operations;
- proposed legislation that may significantly affect the mining industry;
- land reclamation requirements;
- competition in the mining industry;
- equipment and supply shortages;
- tax issues;
- current and future joint ventures and partnerships;
- our ability to attract qualified management;
- the ability to enforce judgment against certain of our Directors;
- currency fluctuations;
- claims on the title to our properties;
- surface access on our properties;
- potential future litigation;
- our lack of insurance covering all our operations;
- our status as a “passive foreign investment company” under US federal tax code; and
- the common shares.

Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein. This list is not exhaustive of the factors that may affect any of the Company’s forward-looking statements. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, including without limitation those discussed in Part I, Item 1A, Risk Factors, of our Annual Report on Form 10-K, as filed with the SEC on August 27, 2018, which are incorporated herein by reference, as well as other factors described elsewhere in this report and the Company’s other reports filed with the SEC.

The Company’s forward-looking statements contained in this Quarterly Report on Form 10-Q are based on the beliefs, expectations and opinions of management as of the date of this report. The Company does not assume any obligation to update forward-looking statements if circumstances or management’s beliefs, expectations or opinions should change, except as required by law. For the reasons set forth above, investors should not attribute undue certainty to or place undue reliance on forward-looking statements.

## **Current Business Activities**

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### **General**

The Company's material mineral property is the NBP, an advanced exploration stage project in Nevada which has a number of high-priority, bulk tonnage and high-grade vein targets (held through Corvus Nevada, a Nevada subsidiary). In addition to the NBP, the Company has acquired the MLP which is located approximately 12 miles to the south east of the NBP. The MLP was mined in the late 1980s and has substantial gold mineralization remaining unexploited extending to the north of the existing open pit mine.

The primary focus of the Company will be to leverage its exploration expertise to expand its existing deposits and discover major new gold deposits. Other than with respect to the ongoing exploration of the NBP, the Company's strategy is to leverage its other non-core assets by maintaining a retained royalty.

Highlights of activities during the period and to the date of this MD&A include:

- Phase II of the MLP drill program, completed in late July 2018, produced 43 additional holes for 13,386 metres ("m") of RC drilling.
- A maiden Mineral Resource\* estimation was completed for the MLP using the Corvus Phase I and II drilling data plus qualified historical drilling data, and released on September 18, 2018 (see NR18-15). Highlights of the MLP Mineral Resource estimation are as follows:
  - total of 1.16Mozs of gold in the Measured and Indicated category with 0.24Mozs gold in the Inferred category. 83% of resource is Measured and Indicated ("M&I");
  - total M&I Mill Mineral Resource of 733,000 ounces of gold at an average grade of 1.72 g/t gold in 13.2Mt and an Inferred Resource of 112,000 ounces of gold at an average grade of 1.6 g/t gold in 2.17Mt;
  - total M&I, oxide, Run of Mine, Heap Leach Mineral Resource of 427,000 ounces gold at avg. grade of 0.33 g/t gold in 40Mt & Inferred Mineral Resource of 129,000 ounces gold at avg. grade of 0.29 g/t gold in 14.1Mt; and
  - pit constrained deposit has an overall strip ratio of 2.68-1.
- Phase III of the MLP drill program began on July 24, 2018, with a total of eight RC holes drilled for 3,043 m by the end of September;
- Environmental Assessment and Plan of Operations documents were submitted to the Bureau of Land Management ("BLM") for the expanded exploration of the MLP.
- BLM issued a Notice of Intent for exploration drilling at the Willy's and Sawtooth targets.
- Baseline characterization activities at NBP continued with the water quality sampling of monitor wells and springs, and meteorological monitoring reports, which are submitted to the Nevada Department of Environmental Protection quarterly.
- The water rights at Sarcobatus were changed to a temporary mining use category by the Nevada Division of Water Resources. The point of extraction of 80 acre-feet of this water was transferred to the NBP to support future exploration activities.
- The Sarcobatus water rights were renewed for the 2018-2019 period.

\* - See Cautionary Note Regarding to U.S. Investors Regarding Estimates of Measured, Indicated and Inferred Resources and Proven and Probable Reserves above.

## **Corporate Financial Activities**

The Company announced the completion of a \$4,500,002 non-brokered private placement on June 7, 2018, where the Company issued 1,730,770 common shares at a price of \$2.60 per share to a key strategic shareholder. No warrants were issued. The Company expects that the proceeds of the financing will fully fund the Company's planned 2019 exploration program at its MLP.

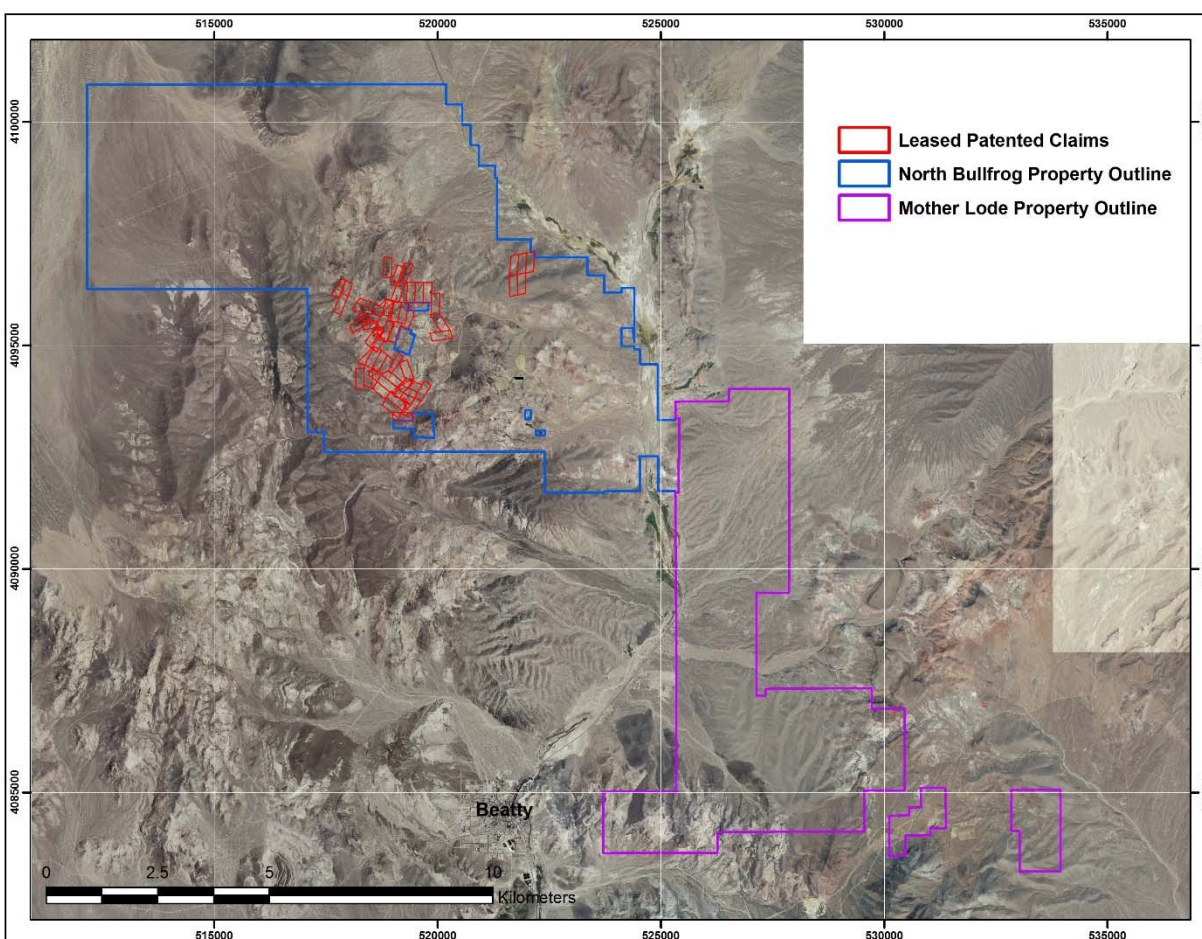
## **Nevada Properties**

### ***North Bullfrog Project***

Our principal mineral property is the NBP, a gold exploration project located in northwestern Nye County, Nevada, in the Northern Bullfrog Hills about 10 kilometres ("km") north of the town of Beatty. The NBP does not have any known proven or probable reserves under SEC Industry Guide 7 and the project is exploratory in nature. The Technical

Report is available under Corvus' SEDAR profile at [www.sedar.com](http://www.sedar.com) and EDGAR profile at [www.sec.gov](http://www.sec.gov). The Technical Report is referred to herein for informational purposes only and is not incorporated herein by reference. The Technical Report contains disclosure regarding Mineral Resources that are not SEC Industry Guide 7 compliant proven or probable reserves. See "Cautionary Note to U.S. Investors Regarding Estimates of Measured, Indicated and Inferred Resources and Proven and Probable Reserves" above.

The NBP is located in the Bullfrog Hills of northwestern Nye County, Nevada (Figure 1). The NBP covers about 7,223 hectares of patented and unpatented mining claims in Sections 20, 21, 25, 26, 27, 28, 29, 32, 33, 34, 35, and 36 of T10S, R46E; sections 1, 2, 11, 12, 13, and 14 of T11S, R46E; section 31 of T10S, R47E; and sections 6, 9, 15, 16, and 17 T11S, R47E, MDBM. We have a total of nine option/lease agreements in place that give us control of an aggregate of 51 patented lode mining claims (Figure 2). Corvus Nevada owns an additional five patented claims (the Millman claims) and a 430 acre property with 1600 acre-feet of water rights located north of NBP in the Sacrobatus hydrographic basin (Basin 146).



**Figure 1. Property Map showing the Location of the NBP and the MLP with respect to the town of Beatty, NV.**

Studies at NBP have been focused on the integration of NBP and the newly acquired MLP into a single mining operation. An updated Technical Report is planned for release in late October, 2018.

### **NBP Project Development Activities**

Monitoring programs to develop baseline characterization data for support of future permitting activities continued during the period. Water quality monitoring wells and surface springs were sampled in July 2018.

The Company operated a meteorological monitoring station at NBP and submitted its latest quarterly report to NBP in July 2018.

The Sarcobatus water rights have been renewed for the 2018-2019 period. A temporary change of use to mining was granted by the Nevada Division of Water Resources. The extraction point of 80 acre-feet of the water was transferred to the NBP to support future exploration operations.

### ***Mother Lode Property, Nevada***

On June 9, 2017, the Company acquired the MLP (Figure 1), which is located approximately six kilometres east of Beatty, Nevada, in Nye County. The MLP is in the Bare Mountain District, and was previously mined by Gold Search Inc. The Company acquired the 13 Federal mining claims comprising the MLP from Goldcorp USA. The Company staked an additional 105 claims (the MN claim group) to the northwest of the MLP claims and an additional 22 claims (the ME claim group) to the east of the MLP claims. The MN claim group was expanded again by an additional 54 claims during the third quarter 2017-2018, as surface exploration work revealed potential for mineralized targets similar to previously defined systems immediately to the south. An additional 255 MN claims were added in Q1 2018-2019 extending the MLP north to connect with the southeast end of NBP.

The MLP is located in the northern Bare Mountain area of northwestern Nye County, Nevada. Figure 1 shows the MLP land position defined by unpatented lode mining claims in purple. The location of the property is indicated by the coordinate grid on the map which is in the UTM metres, NAD27, Zone 11 coordinate system. The MLP consists of approximately 3,590 hectares (8,872 acres) of unpatented lode mining claims located in Sections 10, 11, 14, 15, 22, 23, 26, 27, 34, 35 and 36 of T11S, R47E; Sections 1, 2, 3, 9, 10, 11, 12, and 13 of T12S, R47E; and Sections 6, 7, 8, 9, 16, 17 and 18 of T12S, R48E, Mount Diablo Base and Meridian. Corvus owns, through its wholly-owned subsidiary, Mother Lode Mining Company LLC, the historic MLP which consisted of 13 unpatented lode mining claims. The MN and ME claim groups were staked by Corvus in 2017 and 2018 and are also 100% owned by Corvus.

The Company began its Phase I MLP drill program which utilized up to three drill rigs (two reverse circulation and one core), in September 2017. The initial program completed 13,000 metres of drilling and focused on confirming the existing 172-hole database consisting of drilling results developed by previous exploration companies and mine operators at the MLP site. The initial program addressed resource expansion and exploration targets in four main zones of historic mineralization. Phase II of the MLP drilling program began in early January 2018 with a single RC drilling rig completing an additional 43 holes for 13,386 metres. Phase III drilling began in late July 2018, with an additional eight holes completed for 3,044 metres to date.

The Phase I and II drilling was used to verify and supplement the historic drill data and have been used as the basis for a maiden Mineral Resource estimation that was announced on September 18, 2018 (NR18-15). Preliminary results for 52 holes have been released between October 11, 2017 and April 5, 2018, consisting of intervals in each hole with significant gold mineralization. Results for holes ML17-001 to -015 were reported in NR17-13 (October 11, 2017), NR17-15 (October 25, 2017), NR17-17 (November 7, 2017) and NR17-19 (December 12, 2017). Refer to news releases NR18-1 (January 10, 2018), NR18-2 (January 18, 2018), NR18-3 (February 1, 2018), NR18-5 (February 22, 2018), NR18-6 (March 1, 2018), NR18-7 (March 22, 2018), NR18-8 (April 5, 2018), NR18-9 (April 25, 2018), NR18-10 (May 24, 2018), NR18-12 (June 13, 2018), NR18-13 (July 12, 2018), and NR18-14 (September 5, 2018) for information on assay results, data verification, drilling parameters and locations of the drill holes. Figure 2 shows the location of holes ML17-001 to -078 used in the Mineral Resource estimation, with respect to the MLP open pit and the MLP claim boundaries. Figure 3 illustrates the deposit geology on the E-W cross section along 4084410 N.

The Mineral Resource estimation is based on 267 drill holes with 8,296 gold composites. Geologic volumes were defined by geologic interpretations and used to define the estimation. Seventy-five of the holes were drilled by Corvus in the Phases I and II drill program, and 192 of the holes were historical data developed between 1988 – 1996 by earlier exploration and mining operations at the MLP and Daisy Projects.

The Mineral Resource was characterized by a high-grade core surrounded by lower grade mineralization. The high-grade core was estimated using Inverse Distance Squared. The surrounding mineralized portion of the deposit was estimated with Ordinary Kriging. To estimate the reasonable prospects of eventual economic extraction, Resource

Development Associates Inc. confined the resources to mining volumes defined by Whittle TM analysis. The Mineral Resource is summarized in Table 1 according to sulfide processing and heap leach oxide processing, and is also listed by the classification of Measured, Indicated and Inferred mineralization. Economic parameters used in the WhittleTM analysis are listed in Table 2. There are no known legal, political or environmental risks that could materially affect the potential development of the Mineral Resources.

**Table 1**  
***Mother Lode, Measured, Indicated, and Inferred Mineral Resource Estimations constrained by Whittle <sup>TM</sup> pit at a gold price of USD \$1,250 per ounce***

Resource Category	Mill-Sulfide @ 0.63 g/t COG			ROM Heap Leach @ 0.06 g/t COG			Total		
	Kt	Au g/t	Kozs	Kt	Au g/t	Kozs	Kt	Au g/t	Kozs
Measured	3,292	1.41	149	20,035	0.29	185	23,327	0.45	334
Indicated	9,934	1.83	583	20,123	0.37	242	30,057	0.85	825
<b>Total M &amp; I</b>	<b>13,226</b>	<b>1.72</b>	<b>733</b>	<b>40,158</b>	<b>0.33</b>	<b>427</b>	<b>53,383</b>	<b>0.68</b>	<b>1,159</b>
Inferred	2,168	1.60	112	14,073	0.29	129	16,241	0.46	241

- *The Mineral Resources are not SEC Industry Guide 7 compliant proven and probable reserves See “Cautionary Note to U.S. Investors Regarding Estimates of Measured, Indicated and Inferred Resources and Proven and Probable Reserves” above*
- *The Mineral Resources above are effective as of September 18, 2018*
- *Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability*
- *Silver resources have not been included in the maiden Mother Lode Mineral Resource Estimate*
- *There are no known legal, political, environmental, or other risks that could materially affect the potential development of the Mineral Resources*



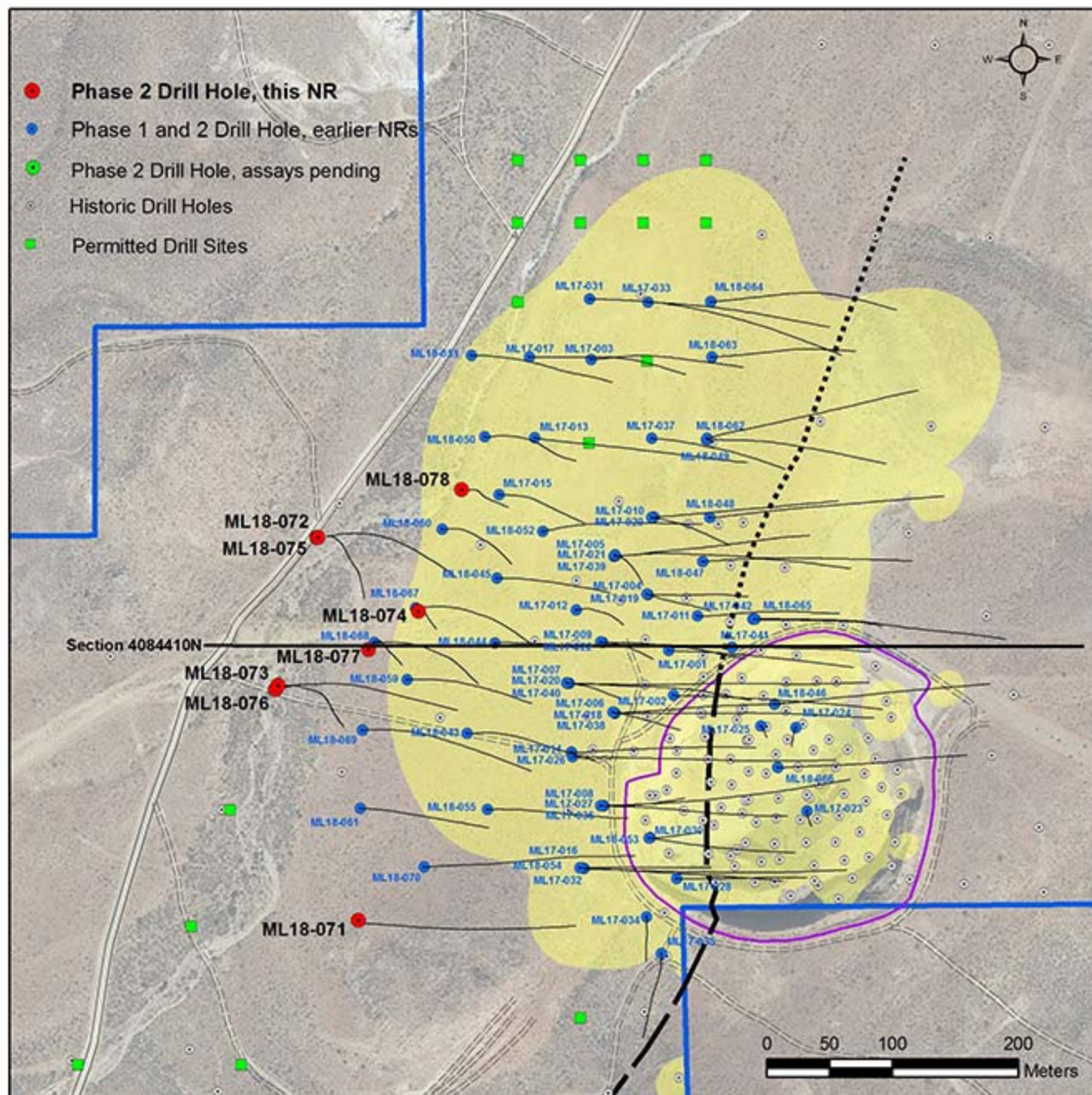


Figure 2. Map with inset showing the MLP claim boundary (blue) and the locations of Corvus boreholes used in the Mother Lode Mineral Resource Estimate.



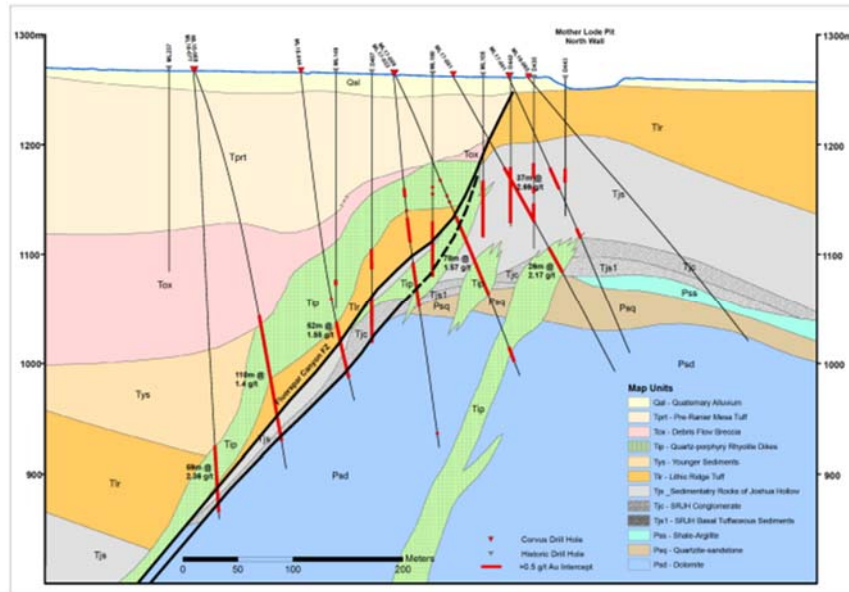


Figure 3. Geologic cross section through the Mother Lode deposit along 4084410 N in Figure 2.

Table 2  
Whittle™ Input Parameters used for the MLP Mineral Resource Estimation (USD)

Parameter	Unit	MLP-Mill	MLP-Heap Leach
Mining Cost	total tonne	\$1.40	\$1.40
Au Cut-Off	g/t	0.63	0.06
Processing Cost	process tonne	\$19.50	\$1.20
Au Recovery	%	80.0	74.0
Ag Recovery	%	0.0	0.0
Admin Cost	process tonne	\$0.50	\$0.50
Refining & Sales	\$/Au oz	\$5.00	\$5.00
Au Selling Price	oz	\$1,250	\$1,250
Slope Angle	Degrees	60	60

- Assumes heap leach processing of disseminated oxidized mineralization
- Assumes Pressure Oxidation mill processing of MLP sulfide mineralization
- Au Cut-Off - break-even grade derived from Whittle input parameters at USD \$1,250 per ounce gold price

The Mineral Resource block model is shown in Figures 4 and 5, which display a plan view and long section view with the range of gold grade shown as color labeling of the individual blocks. Sensitivity of the resource to gold price is illustrated in Table 3, which shows the robustness of the resource at lower gold price. The Table 3 estimate of mineralization at USD \$1,000 gold still captures a measured and indicates resource of over one million ounces.

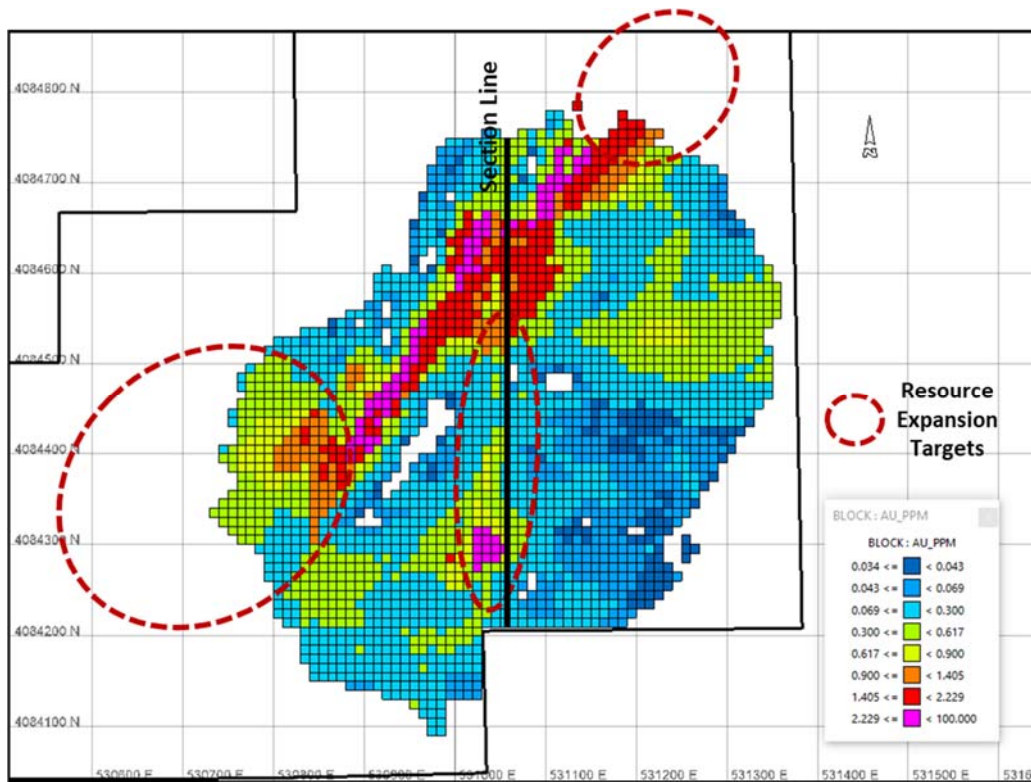


Figure 4. Plan View of Mother Lode resource block model at 970 m elevation (UTm NAD27 Z11)

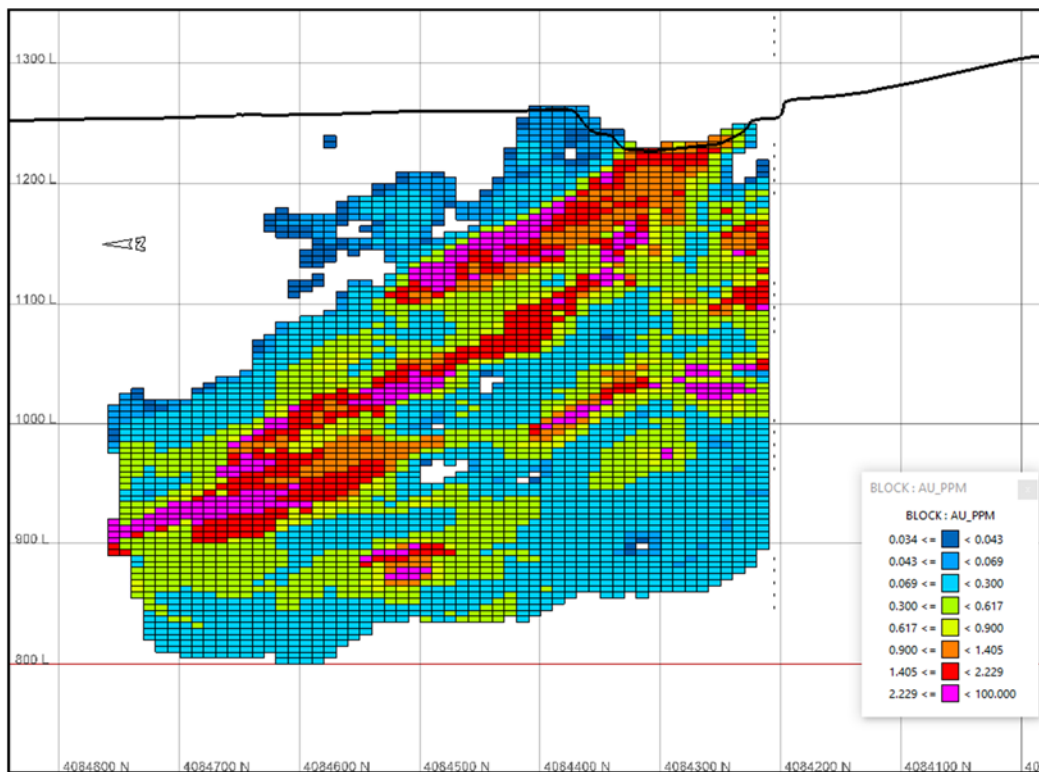


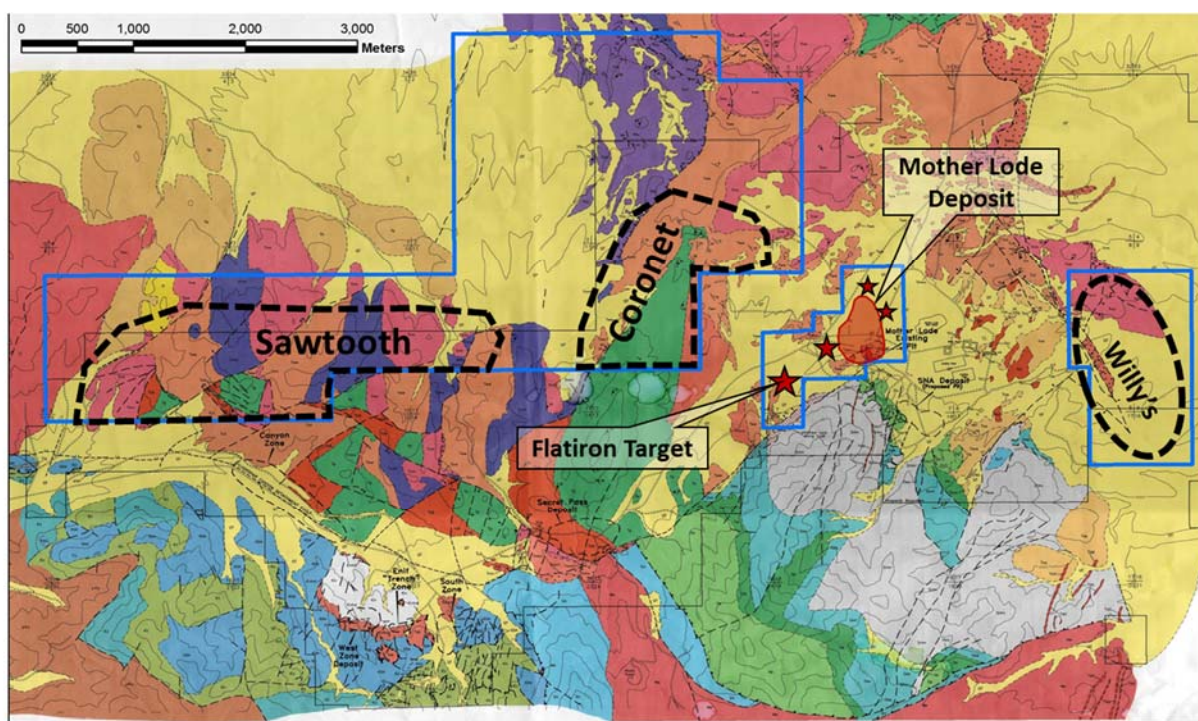
Figure 5. Long-section through Mother Lode resource block model at 531,055 m east, looking east (UTm NAD27 Z11)

A metallurgical testing program is underway to define the processing alternatives for exploitation of the Mother Lode deposit. This testing is focused on developing a flotation concentrate from the mill-sulfide mineralization and evaluating pressure oxidation, roasting, ambient atmospheric oxidation and bio-oxidation of the resulting concentrate. CN extraction of the gold from the oxidized concentrate is will be used to establish the gold recovery. Testing of the oxide components of the Mineral Resource mineralization are underway, in parallel with the sulfide testing, with CN bottle rolls and CN shake leach tests to establish gold recovery.

Surface exploration at MLP has identified new targets along the Daisy, Secret Pass and Sterling trends, which have motivated the Company to expand its claim packages to the northwest and southeast of the MLP claims. Targets in these extensions areas are named Sawtooth, Coronet and Willy's, and the locations are indicated with respect to the MLP claims by the map in Figure 6. Corvus has received permits from BLM for notice level exploration drilling at the Willy's and the Sawtooth targets. Environmental Assessment and Plan of Operations documents were submitted to BLM to permit expanded exploration of the MLP.

**Table 3**  
**Sensitivity of Mother Lode, Measured, Indicated, and Inferred Mineralization Estimations constrained by Whittle<sup>TM</sup> pit at a gold price of USD \$1,000 per ounce**

Resource Category	Mill-Sulfide @ 0.78 g/t COG			ROM Heap Leach @ 0.07 g/t COG			Total		
	Kt	Au g/t	Kozs	Kt	Au g/t	Kozs	Kt	Au g/t	Kozs
Measured	2,133	1.79	123	17,441	0.31	174	19,574	0.47	297
Indicated	8,650	1.96	545	14,702	0.45	213	23,352	1.01	758
<b>Total M &amp; I</b>	<b>10,783</b>	<b>1.93</b>	<b>668</b>	<b>32,143</b>	<b>0.37</b>	<b>387</b>	<b>42,926</b>	<b>0.76</b>	<b>1,054</b>
Inferred	941	1.82	55	5,966	0.34	65	6,907	0.54	120



**Figure 6. Map of new District-wide exploration project beyond the core Mother Lode deposit area, with areas for local expansion of the Mother Lode mineralization denoted by stars within the Mother Lode claims.**

**Qualified Person and Quality Control/Quality Assurance**



Jeffrey A. Pontius (CPG 11044), a qualified person as defined by NI 43-101, has supervised the preparation of the scientific and technical information that forms the basis for the disclosure in this Report on Form 10-Q (other than the Mother Lode Mineral Resource estimate) and has reviewed and approved the disclosure herein. Mr. Pontius is not independent of the Company, as he is the Chief Executive Officer and President and holds common shares and incentive stock options in Corvus.

Carl E. Brechtel (Colorado PE 23212, Nevada PE 008744 and Registered Member 353000 of SME), a qualified person as defined by National Instrument 43-101, has coordinated execution of the work outlined in NR18-15 (September 18, 2018) and has reviewed and approved the disclosure in this Report on Form 10-Q related thereto. Mr. Brechtel is not independent of the Company, as he is the Chief Operating Officer and holds Common Shares and incentive stock options in Corvus.

The work program at the MLP was designed and supervised by Mark Reischman, Corvus' Nevada Exploration Manager, who is responsible for all aspects of the work, including the quality control/quality assurance program. On-site personnel at the project log and track all samples prior to sealing and shipping. Quality control is monitored by the insertion of blind certified standard reference materials and blanks into each sample shipment. All resource sample shipments are sealed and shipped to American Assay Laboratories in Reno, Nevada, for preparation and assaying.

Assaying for the MLP holes has been performed American Assay Laboratories ("AAL") in Sparks, Nevada. Corvus has no business relationship with AAL beyond being a customer for analytical services. The Sparks laboratory is Standards Council of Canada, Ottawa, Ontario Accredited Laboratory No. 536 and conforms with requirements of CAN-P-1579, CAN-P-4E (ISO/IEC 17025:2005).

Check assaying has been performed by Bureau Veritas North America ("BV", formerly Inspectorate America Corporation), in Sparks Nevada and Vancouver, Canada, and ALS Minerals Laboratories ("ALS Minerals"), in Sparks, Nevada. Corvus has no business relationship with BV or ALS Minerals beyond being a customer for analytical services. The BV laboratory is Accredited Laboratory No. 720 and conforms to requirements of CAN-P-1579, CAN-P-4E (ISO 9001:2008) and ALS is Accredited Laboratory No. 660 and conforms to requirements of CAN-P-1579, CAN-P-4E (ISO/IEC 17025:2005).

Mr. Scott E. Wilson, CPG (10965), Registered Member of SME (4025107) and President of Resource Development Associates Inc., is an independent consulting geologist specializing in Mineral Reserve and Resource calculation reporting, mining project analysis and due diligence evaluations. He is acting as the Qualified Person, as defined in NI 43-101, for the Mineral Resource estimate and has reviewed and approved the estimate contained herein. Mr. Wilson has over 29 years of experience in surface mining, resource estimation and strategic mine planning. Mr. Wilson and Resource Development Associates Inc. are independent of the Company under NI 43-101. Mr. Wilson, a Qualified Person, has verified the data underlying the information disclosed herein by reviewing the reports of AAL and all procedures undertaken for QA/QC. All matters were consistent and accurate accordingly to his professional judgment. There were no limitations on the verification process.

For additional information on the Mineral Resource estimation for MLP, see the news release dated September 18, 2018 (NR18-15). A technical report will be filed within 45 days of the news release.

For additional information on the NBP project, including information relating to exploration, data verification and the mineral resource estimates, see the Technical Report, which is available under Corvus' SEDAR profile at [www.sedar.com](http://www.sedar.com) and EDGAR profile at [www.sec.gov](http://www.sec.gov). The Technical Report is referred to herein for informational purposes only and is not incorporated herein by reference. The Technical Report contains disclosure regarding Mineral Resources that are not Guide 7 compliant proven or probable reserves, see "Cautionary Note to U.S. Investors Regarding Estimates of Measured, Indicated and Inferred Resources and Proven and Probable Reserves" above.

## **Results of Operations**

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**Three months ended August 31, 2018 Compared to Three months ended August 31, 2017**

For the three months ended August 31, 2018, the Company had a net loss of \$2,442,448 compared to a net loss of \$1,626,165 in the comparative period of the prior year. Included in net loss was \$164,368 (2017 - \$158,638) in stock-based compensation charges which is a result of previously granted stock options which vested during the period. The increase in loss of \$816,283 in the three months period of the current year was due to a combination of factors discussed below.

The primary factor for the increase in the net loss was the exploration expenditures of \$1,653,100 incurred in the current period compared to \$728,339 in the comparative period of the prior year. The exploration activities of the Company increased mainly due to an increase of \$922,723 incurred in the exploration in the current period compared with the comparative period of the prior year as the Company secured additional financing in June 2018 and focused its exploration efforts on the Properties and partly due to increased stock-based compensation charges of \$14,298 during the current period compared to \$12,260 in the comparative period of the prior year. Management expects increases in exploration costs over prior year are likely to continue in 2019.

Investor relations expenses increased to \$217,671 (2017 - \$146,981) and travel expenses of \$38,229 (2017 - \$26,144) mainly due to increase in investor relations-related travels, advertising, marketing and conference attended, property tours conducted during the current period as part of the Company's efforts to secure additional financing. Investor relations expenses increase in part due to increased stock-based compensation charges of \$22,534 during the current period compared to \$21,738 in the comparative period of the prior year.

Office expenses decreased to \$23,408 (2017 - \$40,175) and rent expenses decreased to \$18,207 (2017 - \$28,894) mainly due to the Company moving its Denver office location in the comparative period of the prior year.

Regulatory expenses increased to \$42,288 (2017 - \$25,470) mainly due to an increase in share prices which resulted in an increase in reporting issuer participation fee which was calculated based on share prices.

Wages and benefits increased to \$257,219 (2017 - \$238,225) mainly due to an increase of \$21,523 in wages and benefits in the current period mainly as a result of increase in wages to the CEO of the company offset by a decrease in stock-based compensation charges of \$50,270 during the current period compared to \$52,799 in the comparative period of the prior year.

Other expense categories that reflected only moderate change period over period were administration expenses of \$106 (2017 - \$105), consulting fees of \$140,695 (2017 - \$135,707), depreciation expenses of \$3,673 (2017 - \$4,314), insurance expenses of \$51,629 (2017 - \$49,848), and professional fees of \$56,163 (2017 - \$57,255).

Other items amounted to an income of \$59,940 compared to a loss of \$144,708 in the comparative period of the prior year. There was an increase in foreign exchange gain of \$44,640 (2017 - loss of \$145,149), which is the result of factors outside of the Company's control and an increase in interest income of \$15,300 (2017 - \$441) as a result of more investment in cashable GIC's during the current period.

## **Liquidity and Capital Resources**

The Company has no revenue generating operations from which it can internally generate funds. To date, the Company's ongoing operations have been financed by the sale of its equity securities by way of public offerings, private placements and the exercise of incentive stock options and share purchase warrants. The Company believes that it will be able to secure additional private placements and public financings in the future, although it cannot predict the size or pricing of any such financings. In addition, the Company can raise funds through the sale of interests in its mineral properties, although current market conditions have substantially reduced the number of potential buyers/acquirers of any such interest(s). 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 for the property interest in order to conserve its cash.

The condensed interim consolidated financial statements have been prepared on a going concern basis, which presume the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. The Company's ability to continue as a going concern is dependent upon achieving profitable operations and/or obtaining



additional financing.

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future within one year from the date the condensed interim consolidated financial statements are issued. There is substantial doubt upon the Company's ability to continue as going concern, as explained below and in the condensed interim consolidated financial statements.

The Company has sustained significant losses from operations, has negative cash flows and has an ongoing requirement for capital investment to explore its mineral properties. Based on its current plans, budgeted expenditures, and cash requirements, the Company has sufficient cash to finance its current plans for the 12 months from the date the condensed interim consolidated financial statement are issued.

The Company reported cash and cash equivalents of \$4,783,695 as at August 31, 2018 compared to \$2,610,541 as at May 31, 2018. The change in cash position was the net result of \$2,361,607 used for operating activities and \$4,485,397 received from the private placements of common shares in June 2018 (net of share issue costs) during the period ended August 31, 2018.

As at August 31, 2018, the Company had working capital of \$4,777,761 compared to working capital of \$2,562,047 as at May 31, 2018. On June 7, 2018, the Company closed a non-brokered private placement equity financing and issued 1,730,770 common shares at a price of \$2.60 per share for gross proceeds of \$4,500,002.

The Company expects that it will operate at a loss for the foreseeable future and believes the current cash and cash equivalents will be sufficient for it to maintain its currently held properties, and fund its currently anticipated general and administrative costs until December 31, 2019. Following December 31, 2019, the Company will need to scale back anticipated activities and costs or raise additional financing to fund operations through the year ending May 31, 2020. The Company's current anticipated operating expenses are \$2,850,000 until May 31, 2019 and \$4,340,000 until November 30, 2019. The Company's anticipated monthly burn rate averages approximately \$317,000 for September 2018 to May 2019, where approximately \$211,000 is budgeted for administrative purposes and approximately \$106,000 is for planned exploration expenditures and holding costs for the NBP and the MLP. From September 2018 to November 2019, the Company's anticipated monthly burn rate averages approximately \$289,000, of which \$201,000 is budgeted for administrative purposes and approximately \$88,000 is for planned exploration expenditures and holding costs for the NBP and the MLP. In any event, the Company will be required to raise additional funds, again through public or private equity financings, prior to the end of December 2019 in order to continue in business. Should such financing not be available in that time-frame, the Company will be required to reduce its activities and will not be able to carry out all of its presently planned exploration and development activities at the NBP and the MLP on its currently anticipated scheduling.

Despite the Company's success to date in raising significant equity financing to fund its operations, there is significant uncertainty that the Company will be able to secure any additional financing in the current or future equity markets. See "Risk Factors – We will require significant additional capital to fund our business plan" in the Company's Annual Report on Form 10-K as filed with the SEC on August 27, 2018. Failure to obtain additional financing could have a material adverse effect on our financial condition and results of operation and could cast uncertainty on our ability to continue as a going concern. The quantity of funds to be raised and the terms of any proposed equity financing that may be undertaken will be negotiated by management as opportunities to raise funds arise. Specific plans related to the use of proceeds will be devised once financing has been completed and management knows what funds will be available for these purposes. Due to this uncertainty, if the Company is unable to secure additional financing, it may be required to reduce all discretionary activities at the NBP and the MLP to preserve its working capital to fund anticipated non-discretionary expenditures beyond the 2019 fiscal year.

The Company has no exposure to any asset-backed commercial paper. Other than cash held by its subsidiaries for their immediate operating needs in Alaska and Nevada, all of the Company's cash reserves are on deposit with a major Canadian chartered bank. The Company does not believe that the credit, liquidity or market risks with respect thereto have increased as a result of the current market conditions. However, in order to achieve greater security for the preservation of its capital, the Company has, of necessity, been required to accept lower rates of interest, which has also lowered its potential interest income.

## **Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

## **Environmental Regulations**

The operations of the Company may in the future be affected from time to time in varying degrees by changes in environmental regulations, including those for future removal and site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company vary greatly and are not predictable. The Company's policy is to meet or, if possible, surpass standards set by relevant legislation by application of technically proven and economically feasible measures.

## **Certain U.S. Federal Income Tax Considerations for U.S. Holders**

The Company has been a "passive foreign investment company" ("PFIC") for U.S. federal income tax purposes in recent years and expects to continue to be a PFIC in the future. Current and prospective U.S. shareholders should consult their tax advisors as to the tax consequences of PFIC classification and the U.S. federal tax treatment of PFICs. Additional information on this matter is included in the Company's Annual Report on Form 10-K as filed with the SEC on August 27, 2018, under "Certain United States Federal Income Tax Considerations".

## **Emerging Growth Company Status**

We qualify as an "emerging growth company" as defined in Section 101 of the Jumpstart our Business Startups Act as we do not have more than \$1,000,000,000 in annual gross revenue and did not have such amount as of May 31, 2018, being the last day of our last fiscal year.

We may lose our status as an emerging growth company on the last day of our fiscal year during which (i) our annual gross revenue exceeds \$1,000,000,000 or (ii) we issue more than \$1,000,000,000 in non-convertible debt in a three-year period. We will lose our status as an emerging growth company if at any time we are deemed to be a large accelerated filer. We will lose our status as an emerging growth company on the last day of our fiscal year following the fifth anniversary of the date of the first sale of common equity securities pursuant to an effective registration statement (August 28, 2019).

As an emerging growth company, we are exempt from Section 404(b) of the Sarbanes-Oxley Act of 2002 and Section 14A (a) and (b) of the Securities Exchange Act of 1934. Such sections are provided below:

- Section 404(b) of the Sarbanes-Oxley Act of 2002 requires a public company's auditor to attest to, and report on, management's assessment of its internal controls.
- Sections 14A(a) and (b) of the Securities and Exchange Act, implemented by Section 951 of the Dodd-Frank Act, require companies to hold shareholder advisory votes on executive compensation and golden parachute compensation.

As long as we qualify as an emerging growth company, we will not be required to comply with the requirements of Section 404(b) of the Sarbanes-Oxley Act of 2002 and Section 14A(a) and (b) of the Securities Exchange Act of 1934, we may however determine to voluntarily comply with such requirements in our discretion.