

## **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 nine months ended February 28, 2019, 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 entitled "Technical Report and Preliminary Economic Assessment for the Integrated Mother Lode and North Bullfrog Projects, Bullfrog Mining District, Nye County, Nevada", dated November 1, 2018 and amended on November 8, 2018, with an effective date of September 18, 2018 (the "Technical Report"). 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 the Mother Lode Project ("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-MLP 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 and MLP 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 potential development of the MLP and the NBP; and
- the NBP and MLP work plans and mine development plan/programs.

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 28, 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**

---

### **General**

The Company’s material mineral properties are the NBP and the MLP, advanced exploration stage projects in Nevada which have a number of high-priority, bulk tonnage and high-grade vein targets (held through Corvus Nevada, a Nevada subsidiary). While exploring the NBP, the Company acquired the MLP in June 2017, 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 MLP and 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 III of the MLP exploration drilling program commenced in July 2018, with 13,000 metres of RC drilling completed in 35 holes by the end of February 2019.
- Metallurgical test work reported in the Technical Report was used as the basis for planning further flotation test work on Mother Lode sulphide mineralization. Samples of the MLP sulphide composites were shipped to Research Development Inc. in Wheatridge, CO for scoping tests.
- Additional comments were received from Bureau of Land Management (“BLM”) on the Mother Lode Environmental Assessment (EA) document, and editing of the document continued.
- Baseline characterization activities at the NBP continued with the water quality sampling of some of the monitor wells. The meteorological monitoring report was submitted to the Nevada Department of Environmental Protection for calendar Q4 2018.
- Reports of Conveyance were submitted for the historical Mother Lode Water Permits and were confirmed by the

Division of Water Resources. The two permits have a total combined duty not to exceed 144 acre-feet per year.

- A video borehole log of the historical water well PW-2 was performed and it confirmed that the well was in good condition to a depth of 580 m. An application to transfer ½ of the historical water right 52847 to well PW-2 was submitted to the State Engineers office.
- A pump test was performed on the Mother Lode water well MW-4 and on the Sacrobatus water well, and the quarterly production volumes were reported to the State Engineers office.
- Mother Lode water well MW-3 was re-completed and a pump test performed.
- Continuation of the North Bullfrog Baseline Characterization Notice of Intent was requested and the Reclamation Cost Estimate was updated and submitted to BLM.

## **Corporate Financial Activities**

On December 20, 2018, the Company announced the completion of a \$2,080,000 non-brokered private placement, where the Company issued 800,000 common shares at a price of \$2.60 per common share to a key strategic shareholder. Proceeds of the financing is expected to fund an expanded exploration program at both the MLP and NBP.

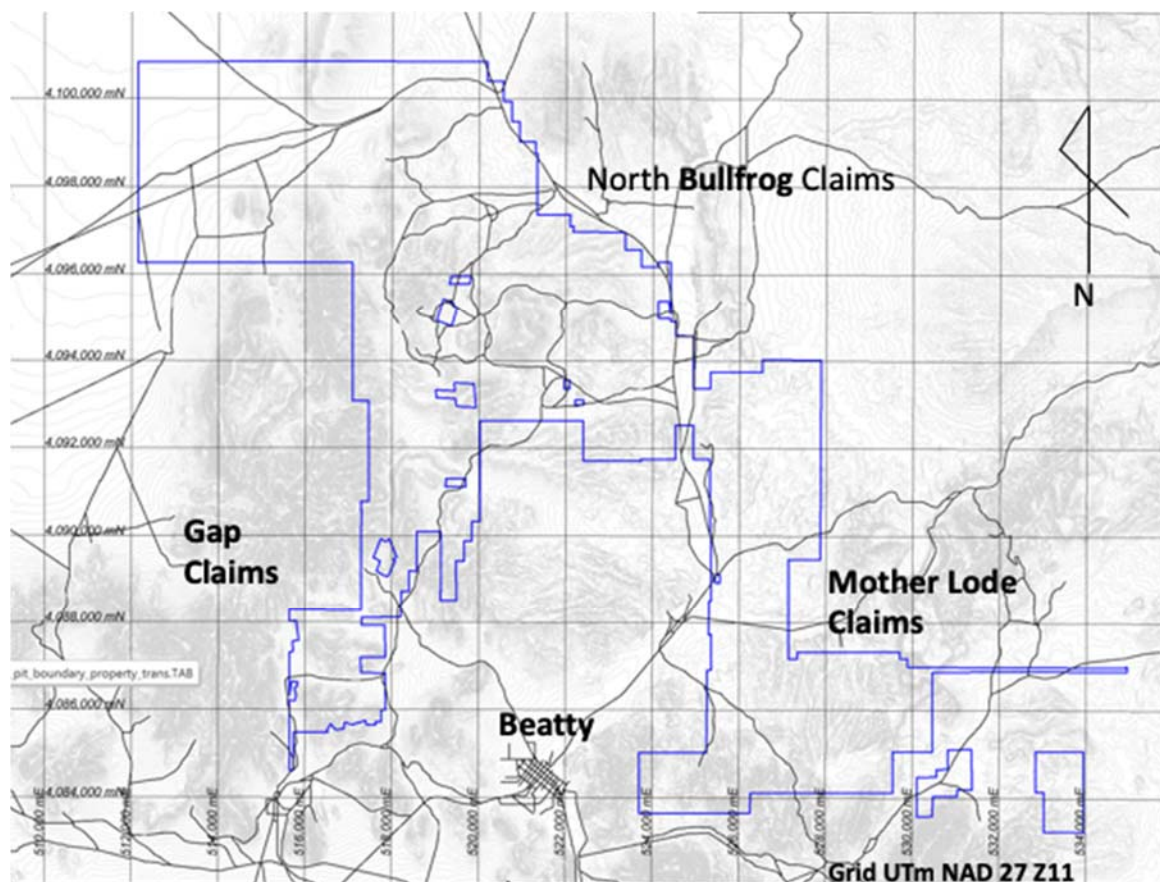
## **Nevada Properties**

### ***NBP and MLP***

Our principal mineral properties are the NBP and the MLP, which form a unified gold exploration project (the “NBP-MLP”) located in northwestern Nye County, Nevada, in the Northern Bullfrog Hills and Bare Mountains to the east, north and west of the town of Beatty. The NBP-MLP 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), which describes the integration of the two properties into a single mining operation. 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 following disclosure is derived, in part, and supported by the Technical Report.

The NBP-MLP is located in the Bullfrog Hills and Bare Mountains 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 (see Private Land Leases in Figure 1). 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). During October 2018, the NBP property was extended to the south by locating the GAP claims, which consist of 190 Federal Lode mining claims extending south from the previous southwest boundary of the NBP.



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

Studies at the NBP have been focused on the integration of the NBP and the newly acquired MLP into a single mining operation. The Technical Report describing the integrated NBP-MLP dated November 1, 2018 and amended November 8, 2018 is available on SEDAR.

### **MLP Drilling Activities**

On June 9, 2017, the Company acquired the MLP, whose location is shown on the map in Figure 1, and 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 U.S. Nevada Gold Search Inc. The Company acquired the thirteen 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 Q3 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 the 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 thirteen unpatented lode mining claims. The MN and ME claim groups were staked by Corvus in 2017 and the MN claims group was expanded to the north in 2018, connecting to the southeast corner of NBP (Figure 1). The Mother Lode, MN and ME claim groups are 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 35 holes and 13,000 m of drilling completed to the end of February 2019.

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 were 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 and locations of the drill holes ML17-16 to ML18-78.

Phase III assay results and locations for holes ML18-079 to ML18-95 and ML18-99 to ML18-103 were reported in NR 18-16 (October 2, 2018), NR 18-17 (October 17, 2018), NR 19-01 (January 10, 2019), NR 19-02 (January 22, 2019) and NR 19-03 (February 21, 2019). Drilling operations at MLP were stopped in December for the holiday break, and were re-started on January 8, 2019. Up until the end of February 2019, the Company completed 10 additional RC holes for 3,828 metres.

### ***Mother Lode Metallurgical Test Program***

Preliminary metallurgical test work, performed on drill samples, were reported in the Technical Report. The testing included scoping level tests of flotation concentration, pressure oxidation of the concentrate, roasting of the concentrate, atmospheric alkaline oxidation of the concentrate and biologic oxidation of the concentrate. Gold recovery to concentrate was demonstrated to be 82-86%. Gold recovery from the oxidized concentrate filtrates ranged between 85-96% with pressure oxidation producing the highest gold recovery. Biox amenability testing on concentrate samples confirmed the earlier work performed on Mother Lode sulphide samples by Rayrock Resources Inc., and indicated the potential for application to Mother Lode mineralization.

Further metallurgical test work has been designed to increase and maximize the recovery of gold to concentrate. A test program to maximize flotation gold recovery was developed during the reporting period, and further samples have been transmitted to the Resource Development Inc. of Wheatridge, CO for some scoping test work.

### ***NBP-MLP Project Activities***

#### NBP Activities

Monitoring programs to develop baseline characterization data for support of future permitting activities continued during the period. The new water production well, NB-WW-14, was pump tested and sampled for water quality.

The Company operated a meteorological monitoring station at NBP and submitted the report for calendar Q4 2018 to the Nevada Division of Environmental Protection in February of 2019.

A quarterly pump test of the Sarcobatus water well was performed in December 2018 and in March 2019, and the production volumes reported to Nevada Division of Water Resources. An application was submitted to the State Engineer's office for temporary transfer of the extraction point for the entire quantity of the Sarcobatus water to North Bullfrog. This was based on the performance of the new water production well NB-WW-14 which indicated the feasibility of developing a well field for future production needs on the North Bullfrog property.

The reclamation cost estimate for the North Bullfrog Baseline Characterization NOI was updated, and the Company applied for a 2 year continuation of the Notice to 2021.

#### MLP Activities

The Company received further comments on the Mother Lode EA document from BLM. Modifications of the previously submitted document are underway.

A review of the Mother Lode metallurgical test results was performed as the basis of design fortesting program to maximize the gold recovery to concentrate. A testing program was designed and discussions were held with potential testing laboratories. The Company began a review of recent progress in nitric acid oxidation processes with potential for application at Mother Lode.

A video borehole log was generated in the historic water production well PW-2, which was a major water source for production operations at Rayrock Resources Inc. Daisy Project in the 1990s (Mother Lode was considered part of the Daisy Project). The video log indicated that PW-2 was in good condition to the surveyed depth of 580 m (1,900 feet).



The Company applied for conveyance of PW-2 and transfer of the point of extraction of ½ of the water in permit 52847 (MW-4) to PW-2. The Company plans to re-comnplete PW-2 in December 2019.

### **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 NI 43-101, has coordinated execution of the technical work 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 by 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 Mineral Resource calculation reporting, mining project analysis and due diligence evaluations. He has acted as the Qualified Person, as defined in NI 43-101, for the Mineral Resource estimate and the Technical Report. 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 NBP-MLP, 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**

---

#### **Nine months ended February 28, 2019 Compared to Nine months ended February 28, 2018**

For the nine months ended February 28, 2019, the Company had a net loss of \$7,995,922 compared to a net loss of \$7,113,643 in the comparative period of the prior year. Included in net loss was \$962,148 (2018 - \$508,865) in stock-based compensation charges which is a result of stock options granted during the current period and previously granted stock options which vested during the period. The increase in loss of \$882,279 in the nine month 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 \$4,218,191 incurred in the current period compared to \$4,075,384 in the comparative period of the prior year. The exploration activities of the Company increased mainly due to an increase in exploration expenditures 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 NBP-MLP. Management expects exploration expenditures to continue to increase moving forward.

Consulting expenses increased to \$663,884 (2018 - \$468,982) mainly due to an increase in stock-based compensation charges of \$423,134 during the current period compared to \$231,065 in the comparative period of the prior year.

Investor relations expenses increased to \$1,002,840 (2018 - \$616,295) mainly due to an increase in advertising and marketing during the current period as part of the Company's efforts to secure additional financing and financial advisory fees. There is an increase in stock-based compensation charges of \$130,676 during the current period compared to \$69,817 in the comparative period of the prior year. The increase was offset by a decrease in investor relations-related travels.

Office expenses decreased to \$85,934 (2018 - \$108,437) and rent expenses decreased to \$55,521 (2018 - \$79,484) mainly due to the Company moving its Denver office location in the comparative period of the prior year.

Professional fees increased to \$267,401 (2018 - \$194,435) due to the professional fees incurred for updating the tax model for the Technical Report and the adjustment of prior years' audit overaccrual. The increase is also due to an increase in stock-based compensation charges of \$7,533 during the current period compared to \$5,511 in the comparative period of the prior year.

Regulatory expenses increased to \$102,381 (2018 - \$86,311) mainly due to an increase in share prices which resulted in an increase to the reporting issuer participation fee which is calculated based on share prices.

Travel expenses increased to \$188,339 (2018 - \$163,960) mainly due to more property tours conducted during the current period.

Wages and benefits increased to \$1,335,653 (2018 - \$1,033,069) mainly due to an increase in stock-based compensation charges of \$315,715 during the current period compared to \$161,306 in the comparative period of the prior year and an increase of \$148,175 in wages and benefits in the current period mainly as a result of increase in wages to the CEO of the Company and increase in employee expenses.

Other expense categories that reflected only moderate changes period over period were administration expenses of \$323 (2018 - \$316), depreciation expenses of \$11,262 (2018 - \$13,477), and insurance expenses of \$157,791 (2018 - \$147,279).

Other items amounted to an income of \$93,598 compared to a loss of \$126,214 in the comparative period of the prior year. There was an increase in foreign exchange gain to \$38,657 (2018 - loss of \$138,781), which is the result of factors outside of the Company's control and an increase in interest income to \$54,941 (2018 - \$12,567) as a result of more investment in cashable GIC's as a result of proceeds from the June 2018 financing during the current period.

### **Three months ended February 28, 2019 Compared to Three months ended February 28, 2018**

For the three months ended February 28, 2019, the Company had a net loss of \$2,886,696 compared to a net loss of \$2,931,596 in the comparative period of the prior year. Included in net loss was \$652,779 (2018 - \$160,795) in stock-based compensation charges which is a result of previously granted stock options which vested during the period. The decrease in loss of \$44,900 in the three month period of the current year was due to a combination of factors discussed below.

The primary factor for the decrease in the net loss was the exploration expenditures of \$1,071,392 incurred in the current period compared to \$1,623,436 in the comparative period of the prior year. The exploration activities of the Company decreased mainly due to a decrease of \$552,044 incurred in the exploration in the current period compared with the comparative period of the prior year as the Company decreased exploration activities in the current period until further financing can be secured.

Consulting fees increased to \$393,195 (2018 - \$183,224) mainly due to an increase in stock-based compensation charges of \$282,945 during the current period compared to \$73,807 in the comparative period of the prior year.

Investor relations expenses increased to \$315,115 (2018 - \$226,370) mainly due to an increase in advertising and marketing during the current period as part of the Company's efforts to secure additional financing and financial advisory fees and an increase in stock-based compensation charges of \$88,570 during the current period compared to \$22,045 in the comparative period of the prior year.

Professional fees increased to \$109,969 (2018 - \$94,610) mainly due to the professional fees incurred for updating the tax model for the Technical Report and the adjustment of prior years' audit overaccrual, and an increase in stock-based compensation charges of \$4,533 during the current period compared to \$1,779 in the comparative period of the prior year.



Regulatory expenses decreased to \$32,930 (2018 - \$47,778) mainly due to an increase in the base and variable fee paid to the TSX in the comparative period of the prior year.

Travel expenses increased to \$50,364 (2018 - \$31,422) mainly due to more property tours conducted during the current period.

Wages and benefits increased to \$788,617 (2018 - \$570,899) mainly due to an increase of \$47,593 in wages and benefits in the current period mainly as a result of increase in wages and employee expenses, and an increase in stock-based compensation charges of \$219,302 during the current period compared to \$49,177 in the comparative period of the prior year.

Other expense categories that reflected only moderate change period over period were administration expenses of \$108 (2018 - \$105), depreciation expenses of \$3,787 (2018 - \$4,468), insurance expenses of \$55,565 (2018 - \$49,151), office expenses of \$25,679 (2018 - \$30,453), and rent of \$18,835 (2018 - \$17,241).

Other items amounted to a loss of \$21,140 compared to a loss of \$52,439 in the comparative period of the prior year. There was a decrease in foreign exchange loss to \$47,477 (2018 - \$58,884), which is the result of factors outside of the Company's control and an increase in interest income to \$26,337 (2018 - \$6,445) 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 17 months from the date the condensed interim consolidated financial statement are issued.

The Company reported cash and cash equivalents of \$5,117,105 as at February 28, 2019 compared to \$2,610,541 as at May 31, 2018. The change in cash position was the net result of \$7,507,487 used for operating activities and \$10,002,867 received from the private placement of common shares in June 2018 and December 2018 (net of share issue costs) and exercise of stock options during the period ended February 28, 2019.

As at February 28, 2019, the Company had working capital of \$5,514,929 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. During the second quarter of the year, an aggregate of 4,036,900 common shares were issued on the exercise of 4,036,900 stock options at an exercise price of \$0.86 per stock option for net proceeds of \$3,453,924. On December 20, 2018, the Company closed a private placement equity financing and issued 800,000 common shares at a price of \$2.60 per common share for gross proceeds of \$2,080,000.

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 July 31, 2020. Following July 31, 2020, the Company will need to scale back anticipated activities and costs or raise additional financing to fund operations through the year ending May 31, 2021. The Company's current anticipated operating expenses are \$640,000 until May 31, 2019 and \$2,980,000 until February 29, 2020. The Company's

anticipated monthly burn rate averages approximately \$213,000 for March 2019 to May 2019, where approximately \$185,000 is budgeted for administrative purposes and approximately \$28,000 is for planned exploration expenditures and holding costs for the NBP and the MLP. From March 2019 to February 2020, the Company's anticipated monthly burn rate averages approximately \$248,000, of which \$206,000 is budgeted for administrative purposes and approximately \$42,000 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 May 2020 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, if warranted, 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 28, 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 2019/2020 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 28, 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.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Not applicable.

## **ITEM 4. CONTROLS AND PROCEDURES**

### **Disclosure Controls and Procedures**

As of February 28, 2019 an evaluation was carried out under the supervision of and with the participation of the Company's management, including the Chief Executive Officer (the principal executive officer) and Chief Financial Officer (the principal financial officer and accounting officer), of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-15I and 15d-15(e) of the Exchange Act). Based on the evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that, as of February 28, 2019, the Company's disclosure controls and procedures were effective in ensuring that: (i) information required to be disclosed in reports filed or submitted to the SEC under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in applicable rules and forms and (ii) material information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, in a manner that allows for accurate and timely decisions regarding required disclosures.

The effectiveness of our or any system of disclosure controls and procedures, however well designed and operated, can provide only reasonable assurance that the objectives of the system will be met and is subject to certain limitations, including the exercise of judgement in designing, implementing and evaluating controls and procedures and the assumptions used in identifying the likelihood of future events.

### **Changes in Internal Control over Financial Reporting**

There were no changes in internal control over financial reporting during the period ended February 28, 2019 that have materially, or are reasonably likely to materially affect, the Company's internal control over financial reporting.