Management's Discussion & Analysis

May 31, 2019

FORM 51-102F1
MANAGEMENT'S DISCUSSION & ANALYSIS

The following discussion of the financial condition, changes in financial condition and results of operations of Teras Resources Inc. (formerly Profile Resources Inc. ("**Profile**")) for the year ended May 31, 2019 should be read in conjunction with the audited consolidated financial statements of the Company which have been prepared in accordance with International Financial Reporting Standards ("IFRS") consistently applied (unless noted otherwise), and are reported in Canadian dollars. The consolidated financial statements include the accounts of the Company's wholly-owned subsidiaries Profile (U.S.) Inc. and Teras Resources Ltd. USA - all significant inter-company balances and transactions have been eliminated.

Dated – September 30, 2019

Forward-Looking Information

This management discussion and analysis ("**MD&A**") contains "forward-looking information" relating to Teras Resources Inc. ("**Teras**" or the "**Company**") within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical fact, included herein are forward looking information. Generally, forward-looking information may be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "proposed", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases, or by the use of words or phrases which state that certain actions, events or results may, could, would, or might occur or be achieved. This forward-looking information reflects the Company's current beliefs and is based on information currently available to the Company and on assumptions the Company believes are reasonable.

Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company or its subsidiaries to be materially different from those expressed or implied by such forward-looking information. Such risks and other factors may include, but are not limited to: the early stage development of the Company; general business, economic, competitive, commodity prices, political and social uncertainties, lack of insurance; delay or failure to receive board or regulatory approvals; changes in legislation, including environmental legislation, affecting mining, timing and availability of external financing on acceptable terms, lack of qualified, skilled labour or loss of key individuals. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

Qualified Person

Dr. Dennis LaPoint, a qualified person under National Instrument 43-101 "Standards of Disclosure for Mineral Projects", and a Director for Teras is the Company's nominated qualified person responsible for monitoring the supervision and quality control of the programs completed on the Company's properties. Dr. LaPoint has reviewed and verified the technical information contained in this MD&A. Dr. LaPoint is a registered geologist with the Society of Mining Engineers.

Overall Performance

The Company is incorporated in Alberta, Canada and is listed on the TSX Venture Exchange as a Tier 2 company. The Company's corporate strategy is to build shareholder value through the acquisition, exploration and development of mineral resource properties. Currently the Company controls seven properties: Cahuilla is the Company's flagship project and has been the focus of recent exploration activities. Sunny Slope, Gold Point, Corral Canyon and Superstition Mountain are all exploration properties and the Company is looking for joint venture partners to further explore these properties. The Company has a patented property in Montana, Watseca Mill, as well as the Golden Jubilee.

On November 5, 2012, the Company leased its **Golden Jubilee** property to the same company, who purchased Watseca, on a royalty basis whereby the Company will receive a 3% net smelter royalty on production and the lessor can purchase 2% of the royalty for a cash payment of $2,000,000. During the third quarter of fiscal 2015, the Company received a royalty of US $42,961 (CDN $49,528). The lease agreement was terminated in January 2018.

During the year ended May 31, 2019, Management reviewed the carrying value of the capitalized exploration and evaluation costs of the Golden Jubilee property for indications of impairment and concluded that, given no exploration activity was undertaken on the property during the current or preceding year and no exploration activity was budgeted for the property, the carrying value is impaired. This resulted in an impairment expense of $131,122 in the consolidated statement of loss and comprehensive loss.

The **Watseca** Mill Property which is located in Rochester Basin, Montana, includes a mill site and 13 patented mining claims which contain exploited and untested gold vein deposits. The historic mine operated in the late 1800's and was shut down due to flooding in approximately 1905. Currently there are two buildings on the property, one housing and two ball mills capable of processing approximately 250 – 400 tons per day. A newer gravity circuit was implemented in 2012 along with two conditioning tanks and a flotation circuit. Watseca also has a separate building used as a lab which holds lab scales, crushing equipment and two assay furnaces.

The Company entered into a purchase agreement with a private company from Washington DC to sell Watseca for US$3,000,000. Teras has received cash payments of US$550,000 towards the purchase price, however the balance is in default and there is no assurance the Company will receive further payments. The partial payment of US$50,000 received resulted in the recognition of a gain in the amount of CDN $52,485 in the first quarter of fiscal 2014. As of March 22, 2017, Teras provided a formal termination letter to the private Washington company terminating the Purchase and Sale agreement that was announced in December 2012. Teras will entertain new interest on its property.

Teras entered into an agreement with a private mining company from Montana in the last quarter of 2017. The agreement states that the private company will placer mine a portion of the Watseca property with the majority of the placer mining coming from an adjacent property owned by them. In exchange for the rights to mine the portion of the Watseca, Teras received the historical data package from the area which was purchased and held by the Montana company. In addition to the data package Teras also received the rights to mine the extension of its Watseca veins from two mining claims owned by the Montana company. There will be no shared revenue from either companies metals produced. This increases the value of the Watseca property substantially given the extension of the vein has not been mined in the past, also, the data is of great value when developing an exploration program.

During the year ended May 31, 2019, Management reviewed the carrying value of the capitalized exploration and evaluation costs of the Watseca property for indications of impairment and concluded that, given no exploration activity was undertaken on the property during the current or preceding year and no exploration activity was budgeted for the property, the carrying value is impaired. This resulted in an impairment expense of $52,276 in the consolidated statement of loss and comprehensive loss.

The Company's main asset is the **Cahuilla project** located in northwest Imperial County, California. The Cahuilla Project is an epithermal, sediment-hosted, hot springs vein, stock work and disseminated gold-silver system hosted along a major east-west striking structural zone. The majority of the deposit is hosted on Reservation land that is controlled by the Company. It is management's intention to expand mineral resources by additional exploration and development drilling since mineralization is completely open in all directions along strike and at depth.

On November 30, 2012, the Company announced a NI 43-101 compliant mineral resource estimate, completed by Mine Development Associates ("**MDA**"). This is the first Mineral Resource estimate for the Cahuilla project.

The Company has been able to finance its operations, minimum work commitments on its projects and maintain its mining claims throughout the year. Throughout the 2015 fiscal year, management gained a clear understanding of its current projects and next steps in advancing them in an efficient manner. The Company is obligated to spend US $300,000 on minimum work commitments for its Cahuilla project on an annual basis. Land lease payments for the period September 2015 – February 28, 2019 of $458,506 US have been paid. The Company will have to raise additional funds to meet its ongoing obligations, either through the issuance of share capital or bringing in a joint venture partner.

The **Sunny Slope** gold mine consists of 16 unpatented claims owned 100% by Teras. Sunny Slope is a high-grade, quartz-gold vein system hosted in metamorphosed sedimentary, volcanic and intrusive rocks. The property is located in Mineral County, Nevada and the Company has no underlying royalties. The Company will be looking for a suitable partner to Joint Venture with or develop the project in the near term.

The **Gold Point** property consists of 8 unpatented claims owned 100% by Teras, is located in Sierra County, California. The project was originally prospected in the early 1900's with some ore production from the Gold Point vein reportedly in 1918. According to the California State Mining Report of April 1923, "the mine was processing 60 to 75 tons per day with the ore averaging 0.5 opt gold." It is estimated that approximately 100,000 tons of ore were mined through 1948 averaging about 0.30 opt gold. The Company will be looking for a suitable partner to Joint Venture with or develop the project in the near term.

The **Corral Canyon Gold Project** consists of 2 unpatented claims and is located in Churchill County, Nevada. The Corral Canyon Mining District was originally discovered in 1861. Gold and other precious and base metal exploration and production have occurred throughout the area. Major companies that held past land positions in the district include Newmont, Asarco, Utah International, Santa Fe, Duval Copper, Cordex and Anaconda. Cordex drilled 10 reverse circulation holes in the mid-1980's and intersected anomalous gold in many of the holes with the best intercept containing 25 feet at 0.045 opt gold. The Company will be looking for a suitable partner to Joint Venture with to develop the project in the near term.

The **Superstition Mountain** Gold Property, consists of 6 unpatented claims owned 100% by Teras, and is located in Imperial County, California approximately 20 miles northwest of the town of El Centro. The gold prospect is situated along the western flank of the Superstition Mountains on Bureau of Land Management ground, which are accessible by dirt roads. The Company will be looking for a suitable partner to Joint Venture with or to develop the project in the near term.

During the year ended May 31, 2019, Management reviewed the carrying value of the capitalized exploration and evaluation costs of the Sunny Slope, Gold Point, Corral Canyon and Superstition Mountain properties for indications of impairment and concluded that, given no exploration activity was undertaken on the properties during the current or preceding year and no exploration activity was budgeted for the properties, the carrying value is impaired. This resulted in an impairment expense of $31,833 in the consolidated statement of loss and comprehensive loss.

The Company's wholly-owned subsidiaries, Profile (U.S.) Inc. and Teras Resources USA Ltd., are Nevada corporations in good standing, and are also registered to do business in Montana. Profile holds the Watseca and Golden Jubilee property interests.

There are no assurances that the activities at the Golden Jubilee, Cahuilla or the Company's new projects will result in the Company achieving commercial gold production. A number of factors, upon which success is dependent, are beyond the Company's control - see Risks and Uncertainties.

The Company held its last Annual and Special Meeting of holders of common shares on November 2, 2018 at the offices of DLA Piper (Canada) LLP. The meeting was to receive and consider the consolidated financial statements of the Company for the financial years ended May 31, 2017 and May 31, 2018 and the reports of the auditor thereon, In addition, the board was re-elected, the auditor was re-appointed, and the option plan was re-approved.

In the fourth of fiscal 2019, the Company issued 5,800,000 units at a price of $0.05 per unit consisting of one common share and one common share purchase warrant exercisable into one common share at a price of $0.05 per share for a period of one year from issuance for gross proceeds of $290,000.

In the first quarter of fiscal 2019, the Company issued 12,357,725 units at a price of $0.055 per unit consisting of one common share and one common share purchase warrant exercisable into one common share at a price of $0.075 per share for a period of one year from issuance for gross proceeds of $679,675.

In the first quarter of fiscal 2018, the Company issued 13,483,750 units at a price of $0.08 per unit consisting of one common share and one common share purchase warrant exercisable into one common share at a price of $0.15 per share for a period of one year from issuance for gross proceeds of $1,078,700. The purpose of the funds is for a drilling campaign on its Cahuilla project which started late August, 2017. The drill program which was announced on August 24, 2017 has been designed to target the newly identified veins and structures on its Cahuilla project in hopes to tie the known veins together for purposes of developing a high grade mining operation.

In April of 2012, the Company set up a wholly-owned company in the USA as Teras Resources USA LTD for the purpose of developing Cahuilla and separating it from its other properties. The Company has acquired additional properties (Sunny Slope, Gold Point, Corral Canyon and Superstition Mountain) which are held in this company. Teras Resources Inc. is the 100% owner of the shares of Teras Resources USA LTD.

Investment

The Company has purchased 1,000,000 shares of NexGen Mining Incorporated ("NXGM") (formerly Brilliant Sands Inc.), a Montana mining company at US $0.45 per share giving it approximately 3% of the outstanding shares of the mining company. The original purchase price was US $450,000, CDN $478,734. The long-term investment does not provide the Company the ability to exercise significant influence over the operations of the entity. The investment is measured at fair value using level one input as the shares do have a quoted market price in an active market. The fair value per share as of May 31, 2019 is CDN $0.054 (May 31, 2018 - CDN $0.065). During the year ended May 31, 2019, an unrealized loss in the amount of $10,617 (2018 – unrealized gain of $24,240) has been recorded to Other Comprehensive Income.

Resource Projects

Cahuilla

On February 10, 2010, the Company entered into an Earn-In Agreement with NXGM for an exclusive option to earn a 65% undivided interest in certain properties, including Cahuilla with historical gold deposits. Pursuant to this Agreement, the Company paid NXGM US $1,800,000 and issued a total of 10,300,000 common shares.

On September 29, 2011, the Company signed an Exploration and Earn-In Agreement with NXGM for the 35% balance of the Cahuilla project giving the Company 100% interest in the Project. The Company exercised its Option in June 2014 controlling 100% of Cahuilla. In addition to controlling 100% of the Cahuilla project, the Company received four other gold projects (Sunny Slope, Superstition Mountain, Gold Point and Corral Canyon).

The Cahuilla Gold Property is located in northwest Imperial County, California. The Cahuilla Project is an epithermal, sediment-hosted, hot springs vein, stock work and disseminated gold-silver system hosted along a major east-west striking structural zone. The majority of the deposit is hosted on the Torres Martinez Indian Reservation. It is management's intention to expand mineral resources by additional exploration and development drilling since mineralization is completely open in all directions along strike and at depth.

Gold values can range from less than 0.1 g/ton to a high of 129 g/ton Au and silver values have been encountered that assay up to 1000 g/ton Ag. Recent phases of core drilling at the Cahuilla deposit have greatly expanded our understanding of the economic potential of gold-silver mineralization at Cahuilla.

Using industry standard practices for resource modeling and the development of supporting geologic models and using vertical Reverse Circulation (RC) drilling from previous operators and Teras, MDA presented the following resource estimate in the technical report:

- An indicated resource of 1.017 million ounces of gold and 11.855 million ounces of silver (70.148 million tons at an average grade of 0.015 ounces per ton ("**oz/t**") gold and 0.17 opt silver with a cut-off of 0.008 opt gold).

- An additional inferred class of 10 million tons grading 0.011 opt gold and 0.10 opt silver. Gold equivalent ounces are 1.2 million ounces in indicated class and 130,000 ounces in inferred class using a ratio of 55 silver ounces to 1 gold ounce.

On October 28, 2015, a hearing was conducted for the Phase 3 permit applications which was approved by the Imperial County Planning Commission. Of the permitted drill hole sites, 1000 are located on private land and 1000 are situated on sovereign reservation land.

Teras has engaged Mine Development Associates of Reno, Nevada ("MDA") to create the new geologic model (as presented below) from its 2016 technical studies program which now includes the following information:

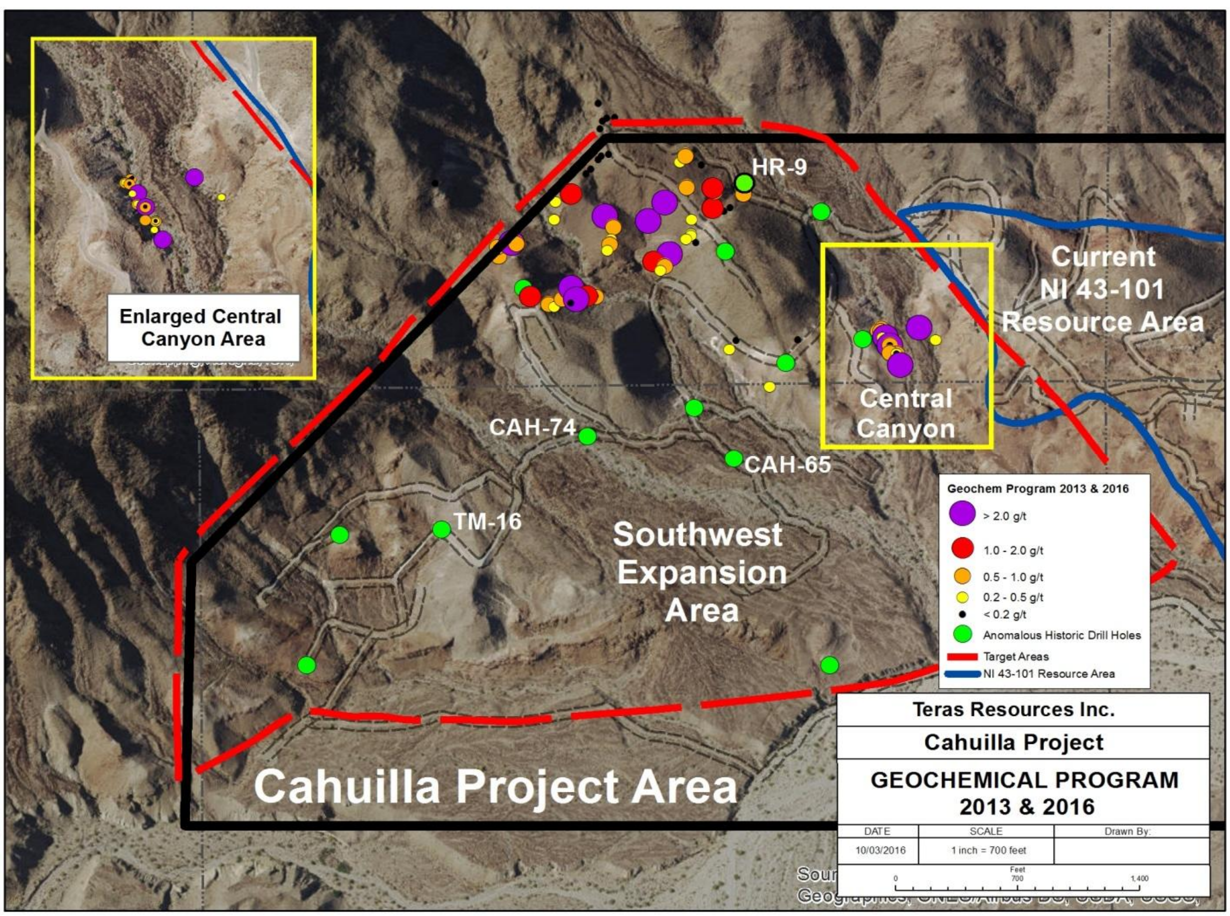
- Kennecott detailed surface geology maps
- Kennecott magnetic and CSAMT geophysical data
- Historic reverse circulation and diamond drill hole geologic logs and assays generated by Newmont, Homestake, Torres Martinez Tribe and Kennecott
- Teras' more recent reverse circulation and diamond drill hole geologic logs and assays
- Teras gravity, MT and IP geophysical data
- Teras surface geochemical sample locations and assay data
- Teras detailed cross sectional geologic interpretations

In September 2016, the Company's technical team completed a comprehensive mapping and sampling program focused on the large area directly west-southwest of the current precious metal resource and extends to the west and south project boundaries This area, illustrated below, has been inadequately tested with a few, shallow historic drill holes. Much of the ground surface is concealed by a thin veneer of alluvial gravels; therefore, only a limited number of geochemical samples could be collected. Field exploration was also conducted in the northeast expansion area; and both the northeast and southwest expansion areas are substantially larger than the current NI 43-101 resource area as illustrated on the map below.

As indicated in the May 11, 2016 press release, Teras recognized the existence of this new, large gold/silver target area via three dimensional interpretation of the updated and enhanced geologic model. The primary objective of the field exploration program was to confirm the existence of the newly inferred large structural features, investigate the surface alteration and collect geochemical samples throughout the target areas for precious metal analyses.

Detailed field mapping recognized several large areas of intense silicification and quartz veining similar to alteration that occurs in the current resource area. One of the most significant findings was the recognition of the major east-northeast trending fault that bounds the southern portion of the project area, which is referred to as the West Ledges Fault. This large fault zone was mapped in multiple locations along strike in the field and has a similar trend as faults in the current resource area that host high grade precious metal mineralization.

A total of 90 geochemical samples were collected throughout the southwest target area. Samples collected within veins and altered rock in Central Canyon are for the most part moderately to highly anomalous in gold and silver and these same veins were mapped for significant distances to the west. The following map shows gold values in the Central Canyon area along with samples collected by the Company in 2013 in the southwest expansion area:

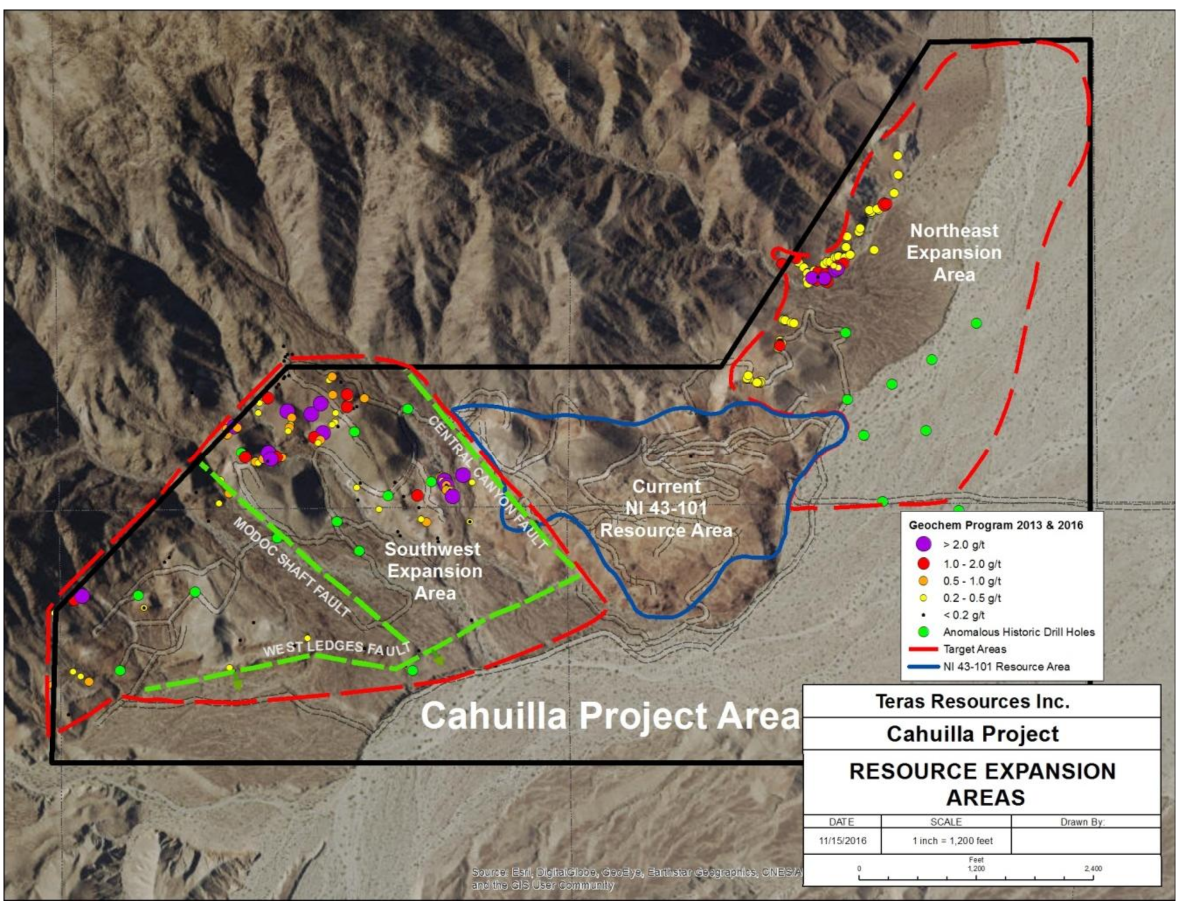


In Central Canyon, five samples assayed more than 2.0 g/t gold with values reaching as high as 3.8 g/t. These results, in conjunction with the samples collected in 2013, warrant a significant exploration program. Assay results for the samples collected to the far west and south project area will be reported once the analyses are obtained.

It should be noted that although the southwest target area is relatively untested by drilling, a number of the wide spaced reverse circulation holes intersected noteworthy mineralization as shown on the map above. CAH-65 was drilled by Kennecott Exploration in 1995 and intersected 9.2m @ 2.2 g/t from 33.5 to 42.7m (110 – 140' @ 0.064 oz/t). Kennecott also drilled CAH – 74 that same year which assayed 1.5 g/t over 3.1m from 57.9 to 61.0m (190 – 200' @ 0.044 oz/t). In 1987, Homestake drilled HR – 9 in the far northwest project area and intersected 6.1m @ 0.89 g/t from 0 to 6.1m (0 – 20' @ 0.026 oz/t) and 7.6m @ 1.15 g/t from 22.9 to 30.5m (75 – 100' @ 0.034 oz/t). TM – 16 was drilled by the Torres Martinez Tribe in 1993 and assayed 0.57 g/t over 24.3m from 22.9 to 47.2m (75 – 155' @ 0.017 oz/t).

Additional drill holes in the southwest target area host anomalous precious metal mineralization over significant distances both down hole and spatially on the surface. However, none of these holes tested any of the newly defined structural and geophysical targets delineated by Teras' technical team. The detailed geologic data is currently being compiled, interpreted and will be appended to the model to further refine drill hole targeting for future drilling campaigns.

The overall findings of the recent fieldwork have successfully expanded favorable target areas at Cahuilla far beyond the existing resource in multiple directions including northeast, southwest and into the gravel covered lowlands surrounding the project to the east and south as shown on the map below:

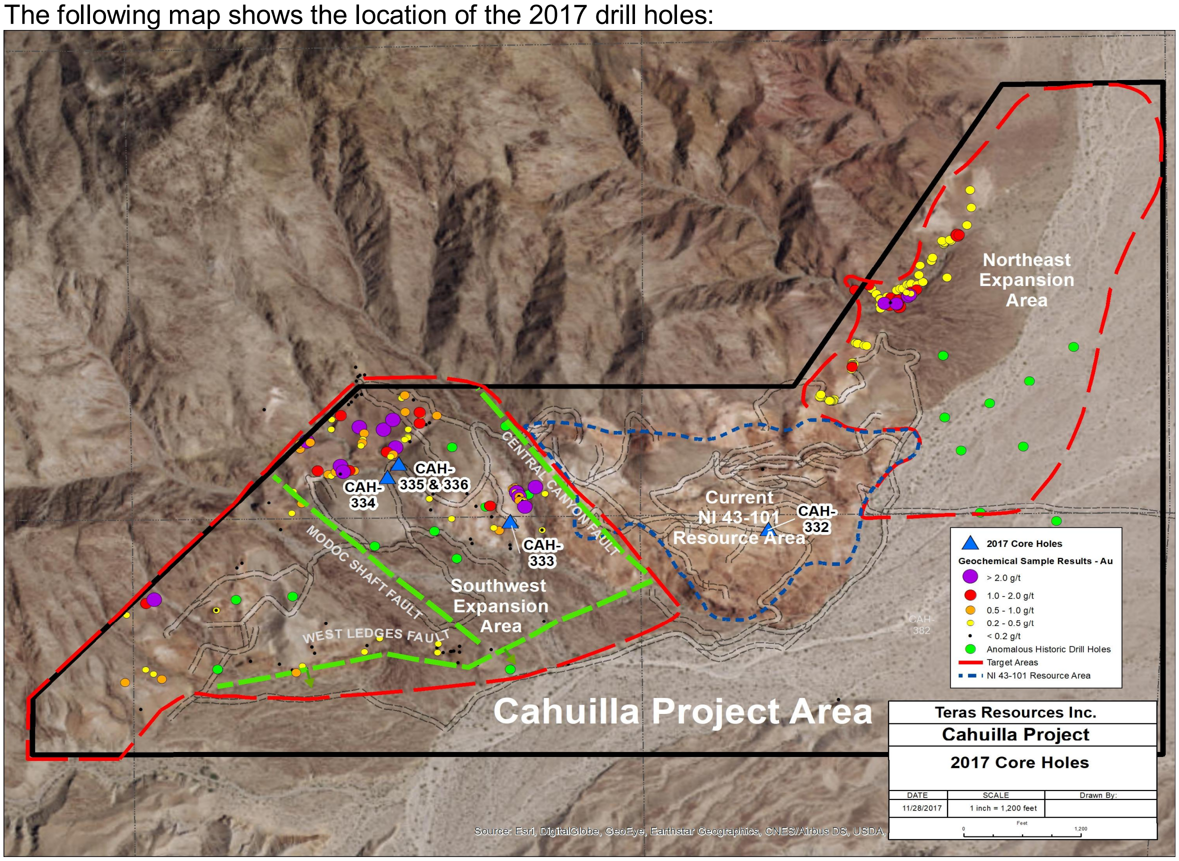


Teras' technical team completed two recent field trips (February and March 2017) for purposes of additional detailed geologic mapping and geochemical sampling within the newly recognized, highly prospective southwest areas: Central Canyon, Modoc Shaft Fault, and the West Ledges Fault. . The recent field work has better identified specific drill sites within these highly prospective exploration areas to target structurally hosted higher grade gold and silver mineralization.

During September / October 2017 Teras drilled 5 core holes in the Southwest expansion area. to gain lithological data. Drill sites were selected to better determine the geometry within the gold-silver system by testing for lithological and hydrothermal alteration controls to identify where gold and silver are higher grade and in wider zones within the mineralized envelope. The drill program was successful in providing this valuable information.

One of the five holes (CAH-332) was drilled within the resource area to test the strike and extent of the high-grade veins. The hole intersected similar structures that are interpreted to be on strike and parallel to the strike of the larger veins encountered in CAH-324. It did confirm the existence of high grade veins as reported in the press release dated June 5, 2014.

The following map shows the location of the 2017 drill holes:



Significant assay results from the 2017 drill campaign are as follows:

Hole #	From	To	TD – m	Thickness – m (ft)	Gold – g/t (oz/ton)	Remarks
CAH-332	22.2	55.2	188	32.9 (108)	0.612 (0.018)	Resource Area
	67.1	83.5		16.4 (53)	0.652 (0.019)	
	114.6	121.0		6.4 (21)	1.722 (0.050)	
Inc.	114.6	115.5		0.9 (3)	6.590 (0.192)	
	143.3	144.2		0.9 (3)	1.145 (0.033)	310 g/t silver (9.1 oz/ton)
CAH-333			168.6	Anomalous	gold and silver	Exploration – lost hole
CAH-334			122.8	Anomalous	gold and silver	Exploration – lost hole
CAH-335			62.5	Anomalous	gold and silver	Exploration – lost hole
CAH-336	68.5	71.3	96.0	2.8 (9)	0.450 (0.013)	Exploration – lost hole

Although the veins encountered in the core are narrow, they commonly represent a branching upward of larger veins from greater depths. Such branching is also manifest at the Golden Cross and Favona gold-silver deposits in New Zealand and the Fire Creek mine in Nevada. The combination of the strong epithermal alteration mineralogy, vein textures, the branching upwards of veins, and gold-silver assays in the exploration drill holes support continued deeper drilling in this area west of the current resource for the purpose of locating larger high-grade veins at depth.

Within the resource area, drill hole CAH-332 was selected to test the continuity of the high grade sheeted veins intersected in CAH-324. The interval from 114.6 to 116.4 meters (376 – 382 feet) averaged 3.66 g/ton (0.107oz/t) gold and 14.45 g/ton (0.42 oz/t) silver as shown below:

CAH-0332 verified precious metal veins with gold and silver values well above the average resource grade estimated in the NI 43-101 report and are interpreted to be parallel to the much thicker high- grade veins intersected in CAH-324.

Teras is currently in discussions, with a number of different groups, on a potential transaction that will assist the company in developing its Cahuilla project.

Corporate Changes

In April 2019 Mr. Kenneth Cunningham resigned as a director of the Company.

On May 30, 2018 Teras Resources announced the appointment of Mr. Thomas K. Mancuso as Vice President of the Company and a seat on the Board of Directors and Mr. Lawrence J. O'Connor as Vice President Project Development.

Mr. Thomas K. (Toby) Mancuso is a well-respected mine development geologist with more than 40 years of experience in exploration, operations and management of various mining companies. Mr. Mancuso previously held the position of President and CEO of Western Goldfields Inc. (now New Gold Inc.) and is credited with purchasing the operating Mesquite Mine in southern California from Newmont. Mr. Mancuso was also Senior Geologist for Freeport Gold Company and Chief Geologist for Kennecott Corporation where he specialized in advancing projects from exploration to production. At Kennecott, he began managing the Cahuilla project in 1993 and has been involved with the property to date. Mr. Mancuso is presently Managing Director for NexGen Mining, Inc. and operates his own company, Mancuso Resource Development Services, LLC. He received his M.S. Geology at the University of Idaho School of Mines and B.SC. Geology from Bowling Green State University.

Mr. Lawrence J. O'Connor has worked for 35 years in the natural resource business and is highly experienced in exploration, development and mine operations. Mr. O'Connor was Vice President of Operations for Western Goldfields, Inc. tasked with reinitiating mine operations at Mesquite Mine in southern California. He also held the positions of CEO and Director of Sonoran Gold, Ltd., President of TerraBor Inc. and Nevada Colca Gold Inc. He was a key operational participant in the start-up of Bema Gold and Eldorado Gold Corporations. Mr. O'Connor has diverse operational experience in open pit and underground mining including exploration, ore control, mine engineering, process management, reclamation closure and operations general management. He holds a B.Sc. Geology, is a "Qualified Person" in accordance with the Canadian National Instrument 43-101.

On April 17, 2019 the Company completed the closing of its private placement of Units by issuing 5,800,000 Units at a price of $0.05 per Unit for gross proceeds of $290,000. Each Unit consists of one common share (a "Common Share") and one Common Share purchase warrant (a "**Warrant**"). Each Warrant is exercisable into one Common Share at a price of $0.05 per share for a period of one year from the issuance of such Warrant.

On August 1, 2018, Teras Resources completed the closing of its private placement of Units. Teras issued 12,357,725 Units at a price of $0.055 per Unit for gross proceeds of $679,674. Each Unit consists of one common share (a "Common Share") and one Common Share purchase warrant (a "**Warrant**"). Each Warrant is exercisable into one Common Share at a price of $0.075 per share for a period of one year from the issuance of such Warrant.

Selected Annual Information

All currency amounts are in Canadian dollars unless stated otherwise.

	For the years ended May 31, 2019	2018	2017
Revenues	$ 101	$ 851	$ 883
Net (Loss)			
Net loss	(983,497)	(813,604)	(1,266,350)
Other comprehensive income (loss)	56,553	35,937	342,951
Net loss and comprehensive loss	(926,944)	(777,667)	(923,399)
Basic and Diluted Loss per Share	(0.00)	(0.00)	(0.01)
Total Assets	25,503,541	25,311,644	24,840,512
Total Long-Term Liabilities	Nil	Nil	Nil
Cash Dividends Declared	$ Nil	$ Nil	$ Nil

Results of Operations

The Company does not have any significant revenue. The Company funds ongoing expenses from funds raised through private placements.

During the twelve months ended May 31, 2019, the Company incurred a net and comprehensive loss of $926,944 (or $0.00 per share) compared with a net and comprehensive loss of $777,667 (or

$0.00 per share) for the twelve months ended May 31, 2018. The increase in the loss of $149,277 can be attributed to the following reasons:

- Compared to the prior year, stock-based compensation expense decreased by $12,000.

- Unrealized gain on translation increased by $55,000. The unrealized gain/loss on translation arises from the translation of the Company's subsidiaries US dollar denominated financial statements, to Canadian dollars. The gain/loss fluctuates with the exchange rate.

- The unrealized loss on investment increased by $35,000. The gain/loss fluctuates with the stock price of NXGM.

- The current year has a pre-exploration expense of $71,000 compared to $Nil in the prior year.

- General and administrative expenses decreased by approximately $105,000 - consulting fees paid to directors, officers and consultants decreased by $49,000 primarily as a result of a decrease in fees paid to consultants. Foreign exchange losses decreased by $28,000. There was a net decrease of $28,000 in travel and other general and administration expenses.

- In the current year the Company recorded an impairment loss of $215,231 on some of its mineral properties.

For the upcoming fiscal year, the Company expects to continue its current level of activity on its Cahuilla project. The Company will have to raise additional funds to carry on its exploration and work plans for Cahuilla.

Risks and Uncertainties

Liquidity risk

The principal activity of the Company is developing its Cahuilla Project. Today, the Company has sufficient capital resources to do further exploration on its current mining claims over the next 9 months. Developing the properties is capital intensive and the Company will need to raise additional funding for further exploration and development activities to maintain its position in the Project. To further develop the Project, the Company will also need to secure the necessary permits and approvals necessary to continue its development plans.

The Company has purchased a Business Insurance policy for the Company which has a $2,000,000 Business Liability and $10,000 contents provision. This policy does not cover the contents on the US properties. The Company is currently at risk and not insured for the Watseca Mill site and equipment. The Watseca property is in an unpopulated area and has the occasional trespasser going on site.

An investment in the Company should be considered speculative due to the nature of its activities and the present stage of its development.

The Company is in the exploration stage of development. The Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages, and limitations with respect to personnel, financial and other resources. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations.

The Company has no source of operating cash flow and no assurance that additional funding will be available for either further exploration and or development of its projects or to fulfill its obligations under any applicable agreements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the

Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the Company' projects with the possible loss of such projects. The Company presently has insufficient funds to undertake all of its future planned exploration and development programs and the Company will need additional financing to continue its business plans and there can be no assurance that such financing will be available or, if available, will be on reasonable terms. If financing is obtained by issuing shares from treasury, control of the Company may change and shareholders may suffer additional dilution. To the extent financing is not available, lease expiry dates, work commitments, rental payments and option payments, if any, may not be satisfied and could result in a loss of property ownership or earning opportunities by the Company.

Exploration and development risk

The Company is engaged in exploration and development of mineral properties. The mineral exploration and development industry involves a high degree of risk, for which, even with a combination of experience, knowledge and careful evaluation, there is no assurance that commercial quantities of resources or reserves can be successfully found or produced.

Development of the Company's mineral properties will only follow upon obtaining satisfactory results. Exploration for and the development of mineral resources involves a high degree of risk and few properties which are explored are ultimately developed into producing properties. There is no assurance that the Company's exploration and development activities will result in any discoveries of commercial bodies of ore. The long-term profitability of the Company's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors. The Company either owns or controls its properties through leases, option agreements, joint ventures, and other agreements granting the Company a working interest in its properties. If the Company fails to meet payments or work commitments on agreements in relation to these properties, the Company may lose its interests in its properties and forfeit any funds expended to such time. At such time when mining commences on its Cahuilla project, underlying royalties will be owed to the land owners ranging from 1.5% to 2.5%.

Title to mineral interests in some jurisdictions is often not susceptible to determination without incurring substantial expense. In accordance with industry practice, the Company conducted such title reviews in connection with its properties as it believes are commensurate with the value of such properties. The actual interest of the Company in certain properties may vary from the Company's records.

The Company's operations are subject to the risks normally incident to the operation and development of mineral properties, including drilling, trenching and surveying, all of which could result in personal injuries, loss of life and damage to the property of the Company and others. In accordance with customary industry practice, the Company is not fully insured against all of these risks, nor are all such risks insurable.

Exploration for minerals involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of minerals, any of which could result in work stoppages, damage to persons or property and possible environmental damage. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the operation of mines and the conduct of exploration programs.

To the extent that the Company is not the operator of its properties, the Company will be dependent on such other operators for the timing of activities related to such properties and will be largely unable to direct or control the activities of the operators. As a result, there is no assurance that the work required to bring such properties to the next stage of development will be completed.

From time to time, the Company may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed partially or wholly with debt, which may increase debt levels of the Company above industry standards. Depending on future exploration and development plans, the Company may require additional financing which may not be available or, if available, may not be available on favourable terms.

Environmental risk

Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mineral operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. The Company intends to fully comply with all environmental regulations in all of the jurisdictions in which it is active.

Dependence on key individuals

The Company is dependent on a relatively small number of key individuals, the loss of any of whom could have an adverse effect on the Company. The Company has not, as yet, purchased any "key-man" insurance with respect to any of its directors, officers, key individuals or proposed directors or officers, and has no current plans to do so.

Price risk

The prices of natural resources are outside the control of the Company. The Company will be a price taker for its products and commodity prices can be expected to show volatility. The Company's revenues, if any, are expected to be in large part derived from the extraction and sale of minerals. The prices of those commodities has fluctuated widely, particularly in recent years, and are affected by numerous factors beyond the Company's control including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, speculative activities and increased production due to new extraction developments and improved extraction and production methods. The effect of these factors on the price of minerals, and therefore the economic viability of any of the Company's exploration projects cannot accurately be predicted.

Approvals and permits

Government approvals, permits and licences are currently, and may in the future be, required in connection with the Company's operations. There can be no assurance that the Company will be able to obtain all of the necessary approvals, licences and permits that may be required to carry out exploration, development and operations at its projects. To the extent such approvals, permits and licences are required and not obtained, the Company may be restricted or prohibited from proceeding with planned exploration or development activities. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in natural resource industry operations may be required to compensate those suffering loss or damage by reason of such activities and may be liable for civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permitting requirements, or more stringent application of existing laws, could have a material adverse impact on the Company and cause increases in capital expenditures.

Investment risk

The mining industry is intensely competitive in all of its phases. The Company competes with many companies possessing greater financial resources and technical facilities than themselves. Competition could adversely affect the Company's ability to acquire suitable properties for exploration in the future.

The Canadian federal and provincial tax treatment of mining activities has a material effect on the advisability of investing in mining companies. The return on an investment in shares of the Company is subject to changes in federal and provincial tax laws. There can be no assurance that the income tax legislation in Canada will not be amended so as to fundamentally alter the tax consequences of holding or disposing of shares of the Company. The Company does not anticipate paying any dividends on its shares in the foreseeable future.

There is no guarantee that title to the Company's properties will not be challenged or impugned. While title has been investigated and, to the best of the Company's knowledge, title to the Company Properties is in good standing, this should not be construed as a guarantee of title.

Summary of Quarterly Results

The following table presents selected financial information of the Company for the eight most recently completed quarters:

	2019					**2018**		
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	May 3174	Feb 28	Nov 30	Aug 31	May 31	Feb 28	Nov 30	Aug 31
Revenues	$ -	$ -	$ -	$ 101	$ 273	$ 253	$ 251	$ 74
Net income (loss)	(375,584)	(195,958)	(213,201)	(198,754)	(240,261)	(146,023)	(189,521)	(237,799)
Other comprehensive gain (loss)	144,508	(80,961)	2,151	(9,145)	54,737	12,405	17,573	(48,778)
Net and comprehensive income (loss)	(231,076)	(276,919)	(211,050)	(207,899)	(185,524)	(133,618)	(171,948)	(286,577)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Total Assets	25,503,541	25,482,452	25,569,763	25,704,315	25,311,644	25,301,538	25,449,680	25,578,022
Total Long-Term Liabilities	-	-	-	-	-	-	-	-
Cash Dividends Declared	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

General and Administrative Expenses

	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Consulting fees	72,840	79,940	77,415	77,515	142,302	72,243	73,020	81,385
Accounting and legal	48,967	84	9,299	14,326	35,775	7,253	1,811	161
Other	43,896	47,165	49,332	52,844	45,509	39,440	75,451	104,360
	165,703	127,189	136,046	144,685	223,586	118,936	150,282	185,906

For the three months ended May 31, 2019, the Company had net and comprehensive loss of $231,076 (or $0.00 per share) compared with a net and comprehensive loss of $207,899 (or $0.00 per share) for the three months ended May 31, 2018 - an increase of $23,177.

- Consulting fees decreased by $69,000 due to a reduction in the fees paid to the directors and officers of the Company.
- Other expenses decreased by $2,000. Foreign exchange losses increased by $4,000 and expenses for shareholder services decreased by $4,000.
- Legal expenses increased by $5,000 and accounting by $8,000.
- Stock-based compensation expense decreased by $29,000. An adjustment to stock based compensation expense was recorded in the current period.
- The current period includes an unrealized gain on translation of $104,000 as compared to a gain of $15,000 in the prior period.
- The current period includes a gain on investment of $40,000 compared to a gain of $24,000 in the prior period.
- The current period includes an impairment of exploration and evaluation assets of $215,000.

For the three months ended February 28, 2019, the Company had net and comprehensive loss of $276,919 (or $0.00 per share) compared with a net and comprehensive loss of $133,618 (or $0.00 per share) for the three months ended February 28, 2018 - an increase of $143,301.

- Consulting fees increased by $7,000.
- Other expenses increased by $7,000. Foreign exchange losses decreased by $1,000 and expenses for shareholder services decreased by $4,000. There was an increase of $6,000 in other general and administrative expenses.
- Legal expenses decreased by $7,000.
- Stock-based compensation expense increased by $41,000 as new options were granted in September 2018.
- The current period includes an unrealized loss on translation of $68,000 as compared to a gain of $12,000 in the prior period.
- The current period includes a loss on investment of $14,000.

For the three months ended November 30, 2018, the Company had net and comprehensive loss of $211,050 (or $0.00 per share) compared with a net and comprehensive loss of $171,948 (or $0.00 per share) for the three months ended November 30, 2017 - an increase of $39,102.

- Consulting fees increased by $4,000.
- Other expenses decreased by $26,000. Foreign exchange losses decreased by $6,000 and expenses for shareholder services increased by $9,000 due to a change in the date of the annual general meeting. There was a reduction of $29,000 in other general and administrative expenses.
- Legal expenses increased by $7,000 due to a change in the date of the annual general meeting.

- Stock-based compensation expense increased by $25,000 as new options were granted in September 2018.
- The current period includes an unrealized gain on translation of $41,000 as compared to a gain of $18,000 in the prior period.
- The current period includes a loss on investment of $39,000.
- The current period includes pre-exploration expenses of $13,000 on a mineral property, the acquisition of which is not yet complete.

For the three months ended August 31, 2018, the Company had net and comprehensive loss of $207,899 (or $0.00 per share) compared with a net and comprehensive loss of $286,577 (or $0.00 per share) for the three months ended August 31, 2018 - a decrease of $78,678.

- Consulting fees decreased by $4,000. Consulting fees paid to officers increased by $15,000. The annual performance bonus and employee benefits have been replaced by a corresponding increase in the fees. Consulting fees paid to directors decreased by $3,000 and fees paid to outside consultants decreased by $16,000.
- Other expenses decreased by $52,000. Foreign exchange losses decreased by $27,000 and expenses for shareholder services decreased by $14,000 due to a change in the holding of the annual general meeting. There was a reduction of $11,000 in other general and administrative expenses.
- Legal expenses increased by $$14,000 due to legal expenses associated with extending the exploration agreements at the Company's Cahuilla property.
- Stock-based compensation expense decreased by $48,000 as no new options were granted.
- The current period includes an unrealized loss on translation of $9,000 as compared to a loss of $33,000 in the prior period.
- The prior period included a loss on investment of $15,000.
- The current period includes pre-exploration expenses of $50,000 on a mineral property, the acquisition of which is not yet complete.

Per share amounts

Per share amounts are calculated using the weighted average number of shares outstanding during the period. Diluted per share amounts are calculated based on the treasury stock method which assumes that any proceeds obtained on the exercise of options and warrants would be used to purchase common shares at the average price during the period. Where the effect of options and warrants is anti-dilutive, they are not included in the calculation of diluted per share amounts.

<u>Liquidity and Capital Resources</u>

As of May 31, 2019, the Company had cash of $204,341 and working capital deficiency of $39,372 as compared to cash of $284,975 and a working capital of $145,585 as at May 31, 2018.

In the fourth quarter of fiscal 2019, the Company issued 5,800,000 units at a price of $0.05 per unit consisting of one common share and one common share purchase warrant exercisable into one common share at a price of $0.05 per share for a period of one year from issuance for gross proceeds of $290,000.

In the first quarter of fiscal 2019, the Company issued 12,357,725 units at a price of $0.055 per unit consisting of one common share and one common share purchase warrant exercisable into one common share at a price of $0.075 per share for a period of one year from issuance for gross proceeds of $679,675.

In the first quarter of fiscal 2018, the Company issued 13,483,750 units at a price of $0.08 per unit consisting of one common share and one common share purchase warrant exercisable into one common share at a price of $0.15 per share for a period of one year from issuance for gross proceeds of $1,078,700.

The Company will need to raise additional funds in order to further the development of the Cahuilla as well as its other mining Claims in Nevada. The Company will raise the additional funds by the issuance of share capital, as necessary.

Related party balances and transactions

As of May 31, 2019, included in accounts payable and accrued liabilities is $152,493 (2018 - $75,062) due to related parties. The amounts payable to related parties are due to directors and senior officers of the Company or to private companies controlled by them for various services rendered and expenditures incurred on behalf of the Company.

For the years ended May 31, 2019 and 2018, the following includes all amounts paid to key management personnel and directors and officers, in these consolidated financial statements:

		May 31, 2019		May 31, 2018
Consulting fees and benefits	**$**	**314,660**	$	350,260
Stock-based compensation		**60,073**		103,984
Capitalized exploration and evaluation expenditures		**-**		33,440
	$	**374,733**	$	487,684

These transactions were made in the normal course of operations for consideration established and accepted by the Company and related parties.

Commencing August 1, 2019 the President and CEO of the Company, at his sole discretion has reduced his compensation to $125,000 per annum, to be reassessed when the Company has secured additional financing.

Commitments and contingencies

(a) The Company is currently operating in the United States. Operations in this jurisdiction may be subject to laws which are significantly different than domestic laws. Due to the nature of the operations and the location being in a foreign jurisdiction, the Company may not be adequately insured with respect to potential accidents on its properties.

(b) The Company has signed an office lease expiring October 31, 2019 that requires monthly payments of $1,500, inclusive of operating costs.

(c) In November 2010, the Company entered into a Performance Share Agreement with the CEO of the Company whereby 500,000 common shares of the Company shall vest and be issued when the closing price of the common shares of the Company on the Stock Exchange on which the common shares then trade is above $1.40 for a period of twenty consecutive business days and a further 500,000 common shares shall vest and be issued when the common shares trade above $2.10 for a period of 20 consecutive business days. The agreement is subject to regulatory approval. If regulatory approval is not obtained, any amount of shares not approved or issued shall be paid in cash based on the number of shares not issued multiplied by the market price of the common shares when the vesting occurs.

(d) The Company is obligated to spend US $300,000 on minimum work commitments for its Cahuilla project on an annual basis. The Company has met its work commitment obligations until the end of fiscal 2019. The Company is also committed to make anniversary lease payments each year on its Cahuilla project totaling approximately US $341,000 as well as the issuance of 280,000 stock options and cash payments totaling US $250,000 upon completion of successive exploration phases. The lease agreements can be terminated by the Company by providing one year's notice to the lessors.

Exploration and evaluation assets

Accumulated costs in respect of mineral tenures and mineral rights owned, leased or under option, consist of the following:

	Watseca Mills	Golden Jubilee	Other	Cahuilla	Total
Balance, May 31, 2017	$ 51,888	$ 115,923	$ 18,410	$ 23,908,376	$24,094,597
Deferred exploration costs:					
Contract services	-	-	-	813,271	813,271
Revisions to ARO estimate	388	10,585	-	-	10,973
Administration costs	-	4,289	12,891	-	17,180
Foreign exchange on translation Of subsidiary	-	-	-	(19,519)	(19,519)
Total expenditures for the year	388	14,874	12,891	793,752	821,905
Balance, May 31, 2018	52,276	130,797	31,301	24,702,128	24,916,502
Deferred exploration costs:					
Contract services	-	-	-	423,145	423,145
Administration costs	-	-	222	-	222
Foreign exchange on translation Of subsidiary	-	325	310	57,082	57,717
Total expenditures for the year	-	325	532	480,227	481,084
Accumulated amortization and impairment:					
Impairments	(52,276)	(131,122)	(31,833)	-	(215,231)
Balance, May 31, 2019	**$ -**	**$ -**	**$ -**	**$ 25,182,355**	**$25,182,355**

<u>Off-statement of financial position arrangements</u>

The Company does not have any off-statement of financial position arrangements.

Significant accounting policies

The significant accounting policies used in the preparation of the audited consolidated financial statements are described in Note 3 of the audited consolidated financial statements for the year ended May 31, 2019. There have been no changes to the Company's accounting policies since May 31, 2018 other than outlined below:

New and revised standards and interpretations

The Company has adopted the new and revised standards and interpretations issued by the IASB listed below effective June 1, 2018. These changes were made in accordance with the transitional provisions outlined in the respective standards and interpretations and had no material impact on the consolidated financial statements.

IFRS 9 Financial Instruments

The Company adopted IFRS 9, "Financial Instruments" on June 1, 2018. The transition to IFRS 9 had no material effect on the Company's consolidated financial statements.

IFRS 9 contains three principal classification categories for financial assets: amortized cost, fair value through other comprehensive income ("FVOCI"), and fair value through profit or loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39, "Financial Instruments: Recognition and Measurement", categories of held to maturity, loans and receivables and available for sale.

IFRS 9 also replaces the "incurred loss" model in IAS 39 with an "expected credit loss" model. The new impairment model applies to financial assets measured at amortized cost, and contract assets and debt investments at FVOCI. Under IFRS 9, credit losses are recognized earlier than under IAS 39. See Note 14 for additional disclosure on the Company's credit risk.

Cash is now measured at amortized cost while GST receivable continues to be measured at amortized cost. Both financial assets and are now classified as "amortized cost". The Company's investment continues to be measured at FVOCI and is now classified as a financial asset at "FVOCI". There was no change to the Company's classification of accounts payable and accrued liabilities which are classified as "other financial liabilities" and are measured at amortized cost. The Company has not designated any financial instruments as FVTPL, nor does the Company use hedge accounting.

Transition

On transition, the Company:

- Identified the business model used to manage its financial assets and classified its financial instruments into the appropriate IFRS 9 category; and

- Applied the ECL model to financial assets classified as measured at amortized cost.

The classification and measurement of financial instruments under IFRS 9 did not have a material impact on the Company's opening retained earnings as at June 1, 2018. In addition, the application of the ECL model to financial assets classified as measured at amortized cost did not result in a material adjustment on transition. The following table shows the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 as at June 1, 2018 for each class of the Company's financial assets and financial liabilities:

Financial Instrument	IAS 39		IFRS 9	
Assets	Classification	Measurement	Classification	Measurement
Cash	FVTPL	Fair value	Amortized cost	Amortized cost
GST receivable	Loans and receivables	Amortized cost	Amortized cost	Amortized cost
Investment	Available for sale	Fair value	FVOCI	Fair value
Liabilities				
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost	Amortized cost	Amortized cost

IFRS 15 Revenue from Contracts with Customers

The Company adopted IFRS 15, "Revenue from Contracts with Customers" on June 1, 2018.

This standard provides a single model that applies to contracts with customers as well as two revenue recognition approaches: at a point in time or over time. The model features a contract-based, five-step analysis of transactions to determine whether, when and the amount of revenue is recognized. The new standard applies to contracts with customers. The new revenue standard permits a full retrospective method of adoption with restatement of all prior periods presented, or a modified retrospective method with the cumulative effect of applying the new standard recognized as an adjustment to opening retained earnings in the period of adoption.

The adoption of this standard had no material impact on the Company's consolidated financial statements.

Amendments to IFRS 2 Share-based Payment

These amendments added guidance that introduces accounting requirements for cash-settled share-based payments that follow the same approach as used for equity-settled share-based payments. They introduced an exception into IFRS 2 so that a share-based payment where the entity settles the share-based payment arrangement net is classified as equity-settled in its entirety, provided the share-based payment would have been classified as equity-settled had it not included the net settlement feature. Finally, they clarify the accounting treatment in situations where a cash-settled share-based payment changes to an equity-settled share based payment because of modifications of the terms and conditions. The adoption of this new standard had no material effect on the Company's consolidated financial statements.

Future accounting pronouncements

The following accounting standards and amendments are effective for future periods:

IFRS 16 Leases

IFRS 16 was issued in January 2016 and specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The Company does not believe this new standard will have a material impact when adopted.

This standard is effective for reporting periods beginning on or after January 1, 2019.

Subsequent events

Subsequent to year-end the Company received TSX Venture Exchange approval for the acquisition of NV Mine Development, Inc. ("NV Mines") of Nevada through the issuance of 3,565,000 common shares of the Company in exchange for all the issued and outstanding shares of NV Mines. This transaction was subject to the completion of all the terms and conditions of the Agreement, including satisfaction of the purchase price. On August 15, 2019 the shares were issued thereby completing the transaction.

On July 31, 2019 the Company signed a Loan Agreement for $500,000 in exchange for a 4% interest in the Company's Cahuilla property. The loan is non-interest bearing, repayable on or before January 31, 2020 and is secured by the assets of the Company. The Company may repurchase the 4% interest on mutually acceptable terms.

Subsequent to year-end, the Company received TSX Venture Exchange approval to extend the expiry date of 13,483,750 outstanding share purchase warrants that are exercisable for common shares of the Company at $0.15. The warrants were issued as part of the private placement which closed on July 6, 2017. The warrants were set to expire on July 4, 2019 and will now expire on July 4, 2020. All other terms of the warrants remain unchanged.

Additional information relating to the Company is filed on www.sedar.com

Summary of Securities as at May 31, 2019 and September 30, 2019:

(1) Authorized share capital:

Unlimited number of voting common shares
Unlimited number of non-voting preferred shares

(2) Shares issued and outstanding:

At May 31, 2019 there were 192,642,953 common shares outstanding with a recorded value of $44,116,417.

As of September 30, 2019 there were 196,207,953 common shares outstanding.

(3) Options outstanding:

At May 31, 2019, there were 8,200,000 options outstanding to purchase common shares at exercise prices ranging from $0.085 - $0.20 with a weighted average of $0.13. These options expire on dates ranging from June 5, 2019 – September 9, 2023.

As of September 30, 2019, there were 6,300,000 options outstanding to purchase common shares at exercise prices ranging from $0.085 - $0.15. These options expire on dates ranging from January 6, 2020 – September 9, 2023.

(4) Warrants outstanding:

As of May 31, 2019, there were 41,095,807 share purchase warrants outstanding to purchase common shares at exercise prices ranging from \$0.05 to \$0.24. These warrants expire on dates ranging from July 4, 2019 to August 2, 2020.

As of September 30, 2019, there were 31,641,475 share purchase warrants outstanding to purchase common shares at an exercise prices ranging from \$0.05 to \$0.15. These warrants expire on dates ranging from April 17, 2020 to August 2, 2020.