Talisker
RESOURCES

(formerly Eurocontrol Technics Group Inc.)

Management's Discussion & Analysis

For the year ended December 31, 2019

Dated April 1, 2020

Forward-Looking Statements

This Management's Discussion and Analysis ("MD&A") contains certain statements that may be deemed "forward-looking statements," within the meaning of certain securities laws. Forward-looking statements relate to management's expectations or beliefs about future performance, events, or circumstances that include, but are not limited to, reserve or resource potential, exploration and operational activities, and events or developments that the Company expects or targets. Forward-looking statements can usually be identified by words such as: "future", "plans", "scheduled", "expects", "intends", "estimates", "forecasts", "will", "may", "could", "would", and variations thereof. Although the Company believes that these statements are based on reasonable assumptions, all forward-looking statements involve known and unknown risks and uncertainties that may cause the actual performance, events, or circumstances of the Company to be materially different than anticipated. The forward-looking information in this MD&A describes the Company's expectations as of the date of this MD&A.

The results or events anticipated or predicted in such forward-looking information may differ materially from actual results or events. The Company and its operations are also subject to a large number of risks, including: the Company's liquidity and financing capability, fluctuations in gold prices, market conditions, results of current exploration activities, the possibility of a labour stoppage or shortage, delays in obtaining government permits and approvals and such other risks as discussed herein and in other publicly filed disclosure documents. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in such forward-looking statements, there may be other factors that cause performance, events, or circumstances to differ materially from those described in forward-looking statements. There can be no assurance that forward-looking statements will prove to be accurate. Accordingly, readers should not try to place undue reliance on forward-looking statements contained in this MD&A.

The Company cautions that the foregoing list of material factors is not exhaustive. When relying on the Company's forward-looking information to make decisions, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. The Company has assumed a certain progression, which may not be realized. It has also assumed that the material factors referred to in the previous paragraph will not cause such forward-looking information to differ materially from actual results or events. However, the list of these factors is not exhaustive and is subject to change and there can be no assurance that such assumptions will reflect the actual outcome of such items or factors.

Forward-looking statements are based on management's current plans, estimates, projections, beliefs, and opinions and Talisker does not undertake any obligation to update forward-looking statements should the assumptions related to these plans, estimates, projections, beliefs and opinions change, except as required by law.

Qualified Person

The technical information contained in this MD&A has been approved by Leonardo de Souza (BSc, AusIMM (CP) Membership 224827), Talisker's Vice President, Exploration and Resource Development, who is a "qualified person" within the meaning of National Instrument 43-101, Standards of Disclosure for Mineral Projects.

Recent Developments, Exploration Properties, Outlook and Strategy

RECENT DEVELOPMENTS

Talisker Resources Ltd. (formerly Eurocontrol Technics Group Inc.) ("Talisker" or the "Company") is a publicly listed company incorporated in British Columbia and continued in the Province of Ontario. The Company is engaged in exploration and evaluation of mineral properties in British Columbia.

On January 24, 2019, the Company entered into an asset purchase agreement (the "Purchase Agreement") to acquire Sable Resources Ltd.'s ("Sable") mineral resource properties located in the Province of British Columbia and certain related assets (the "Acquired Properties[1]") in exchange for paying Sable $500,000 in cash and issuing Sable 30,000,000 post-consolidation shares at the time of closing and granting Sable, on the closing date, a 1.0% net smelter return royalty on each of the Acquired Properties and assuming certain liabilities relating to the Acquired Properties (the "Transaction"). Additionally, in connection with the Transaction, the Company announced that it planned to:

1. consolidate its outstanding shares on the basis of one post-consolidation share for each four shares;
2. change its name to "Talisker Resources Ltd."; and
3. apply to the Canadian Securities Exchange (the "CSE") to have its shares listed and posted for trading on the CSE and apply to the TSX Venture Exchange ("TSXV") to have its shares delisted from the TSXV upon completion of the Transaction.

On March 29, 2019, shareholders approved the Transaction and other related items of business and on April 17, 2019, the Company filed Articles of Amendment to change its name to Talisker Resources Ltd. and to consolidate its shares on a 1 for 4 basis.

On April 17, 2019, the Company completed an offering of 11,730,000 subscription receipts (each, a "Subscription Receipt"), at a price of $0.20 per Subscription Receipt, for gross proceeds of $2,346,000. Following completion of the transaction with Sable on April 18, 2019, the gross proceeds were released to Talisker, and all of the Subscription Receipts were automatically exchanged for units (each, a "Unit") of Talisker. Each Unit was comprised of one common share of Talisker, and one common share purchase warrant of Talisker, with each common share purchase warrant entitling the holder to acquire a further common share of the Company at a price of $0.30 for a period of 24 months, subject to accelerated expiry in the event the closing price of the shares of the Company is greater than $0.50 for ten consecutive trading days.

On August 29, 2019 through September 6, 2019, the Company completed three tranches of a private placement financing of common shares, flow-through shares (the "FT Shares") and charity flow-through shares (the "Charity FT Shares") of the Company, issuing 11,642,770 common shares at a price of $0.14 per common share for gross proceeds of $1,629,988, as well as 10,463,750 FT Shares at a price of $0.16 per FT Share for gross proceeds of $1,674,200 and 4,071,000 Charity FT Shares at a price of $0.21 per Charity FT Share for gross proceeds of $854,910, respectively, for aggregate gross proceeds of $4,159,098. In connection with the financing, the Company paid cash commissions totaling $254,256, and issued an aggregate of 518,566 compensation warrants, with each compensation warrant entitling the holder to acquire one common share of the Company at a price of $0.14 for a period of 24 months.

On November 21, 2020, the Company announced that it had entered into a definitive purchase agreement to acquire a 100% interest in the Bralorne Gold Project from Avino Silver & Gold Mines Ltd. ("Avino") through

[1] Acquired Properties included several early to advanced stage projects including in the Toodoggone region of northern British Columbia, the past producing Baker Gold Project; the Shasta Mine and Baker mill infrastructure and equipment; the Chappelle (Baker and Multinational Mines) property; the Mets Lease; and the Bot Property and in south central British Columbia, the Blue Jay Property; the Spences Bridge Property; the Tulameen Property; and the Tulox Property.

the acquisition of Bralorne Gold Mines Ltd., a wholly-owned subsidiary of Avino (the "Acquisition"). On December 13, 2019, the Company completed the Acquisition in exchange for:

1. a cash payment of $8.7 million;
2. the issuance of 12,580,000 common shares of Talisker; and
3. the issuance of 6,290,000 common share purchase warrants, with each common share purchase warrant being exercisable at $0.25 for a period of three years from closing, subject to acceleration in the event the closing price of common shares is greater than $0.35 for 20 or more consecutive trading days at any time following April 14, 2020.

A cash payment of US$2.5 million will be payable to Avino on commencement of commercial production of the Project.

At closing, Bralorne had approximately $1.9 million in cash, which was sufficient to finance the remaining flow-through expenditures on the Bralorne Gold Project at such time and had no debts or liabilities other than in respect of certain equipment and environmental, permitting, reclamation and rehabilitation costs associated with the Bralorne Gold Project.

The 12,580,000 common shares issued to Avino are subject to a contractual one-year hold period, subject to certain exceptions. Until Avino holds not less than 5% of outstanding common shares of Talisker, Avino has a pre-emptive right to participate in future equity financings of Talisker to maintain its share ownership percentage interest in Talisker.

In connection with the Acquisition, the Company completed a private placement of 22,222,222 common shares at price of $0.18 per common share for gross proceeds of $4.0 million.

On December 23, 2019, the Company entered into a definitive royalty purchase agreement and royalty agreement with Bralorne and Osisko Gold Royalties Ltd ("Osisko") for the completion of the sale of a 1.2% net smelter returns royalty on all production from the Bralorne Gold Project in exchange for $6.2 million in cash

On February 4, 2020, the Company closed a bought deal private placement that was announced on January 7, 2020 raising $13,059,988 in gross proceeds with the issuance of 15,333,320 common shares at a price of $0.33 per common share and 16,161,600 charity flow-through common shares (the "Charity FT Shares") at a price of $0.495 per Charity FT Share. In connection with the private placement, the Company paid $667,387 in cash commissions and issued an aggregate of 620,817 compensation warrants, with each compensation warrant entitling the holder to acquire one common share of the Company at a price of $0.33 for a period of 24 months.

On April 1, 2020, the Company announced drill results for its first drill hole at the Bralorne Gold Project. Further details are included under Exploration Properties.

On April 1, 2020, the Company announced that drilling operations at the Bralorne Gold Project were temporarily suspended for good practices in relation to the COVID-19 pandemic. Prior to suspension of operations, the Company had completed a third of the drill program. Additional results will be announced when available.

(in Canadian dollars unless otherwise noted)

EXPLORATION PROPERTIES

The exploration and evaluation expenses for the Company are summarized as follows:

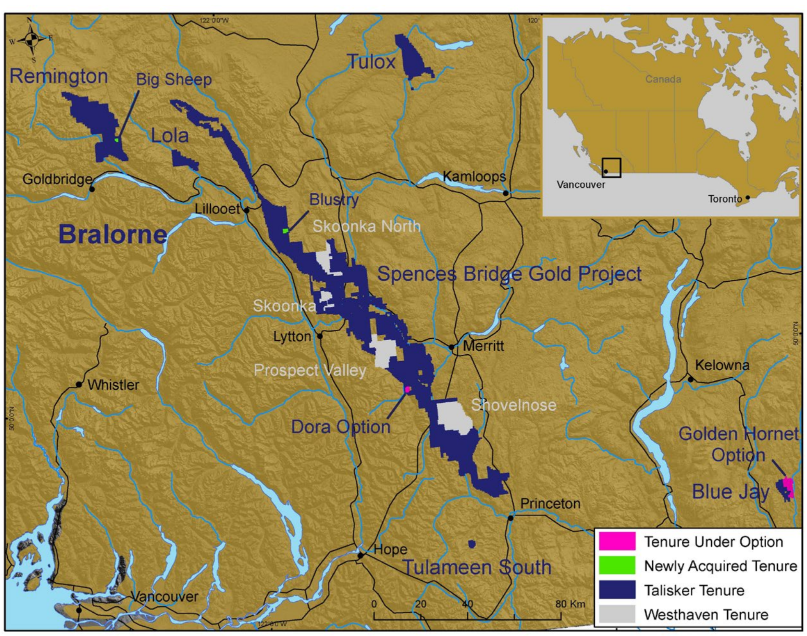
Year ended December 31,		2019		2018
Spences Bridge Gold Project	**$**	**2,144,716**	$	-
Bralorne Gold Project		**221,392**		-
Baker Gold Project		**9,387**		-
Tulox Property		**3,683**		-
Exploration and evaluation expenditures	**$**	**2,379,178**	$	-

The exploration and evaluation expenses for the Company by expenditure classification is summarized as follows:

Year ended December 31,		2019		2018
Consulting	**$**	**491,257**	$	-
Salaries and wages		**930,158**		-
Drilling		**57,011**		-
Assays		**133,000**		-
Field supplies		**166,465**		-
Travel and other		**391,047**		-
Equipment rental		**196,305**		-
Depreciation		**13,935**		-
Exploration and evaluation expenditures	**$**	**2,379,178**	$	-

Talisker's exploration projects include the Bralorne Gold Complex, an advanced stage project with significant exploration potential from a historical high-grade producing gold mine as well as its Spences Bridge Gold Project where the Company holds ~85% of the emerging Spences Bridge Gold Belt, the Baker-Shasta Project and several other early stage Greenfields projects listed below. The Company's properties comprise 274,202 hectares over 289 claims, three leases and 173 crown grant claims.

Southern British Columbia Properties



(in Canadian dollars unless otherwise noted)

Bralorne Gold Project

The Bralorne Gold Project consists of over 4,200 hectares and has a historical mineral resource estimate of 41,660 tonnes at 12.43 g/t for 16,642 ounces in the Measured category, 206,113 tonnes at 11.30 g/t for 74,885 ounces in Indicated category, giving a total of 247,773 tonnes at 11.46 g/t for 91,527 ounces of Measured and Indicated mineral resources, and 329,786 tonnes at 7.91 g/t for 83,900 ounces in the Inferred category, as included in the October 20, 2016 technical report "Bralorne Gold Mine, British Columbia, Canada, NI 43-101 Technical Report" (the "**2016 Technical Report"**) prepared for Avino. The effective date of the historical estimate is October 20, 2016. The Bralorne mine complex produced approximately 4.2 million ounces of gold at a grade of 17.7 g/t Au from 30 veins in three adjacent mines; Bralorne, Pioneer and King, until eventual closure in 1971 due to depressed gold prices.

On February 12, 2020, Talisker announced the commencement of the Phase 1 drill program comprising of a planned 2,700m of diamond drilling in five holes that is part of a larger 11,200m program outlined in the table below and illustrated on the drill program map also included below. The Phase 1 drill holes are proposed to range in depth from 427m to 671m depth and will target the HW, Main, J and 77 veins.

Bralorne Gold Project – Phases 1 and 2 Drilling				
Phase	**Proposed Drill Hole**	**Target Depth (m)**	**Location**	**Targets**
1	TSK20-042	579	Pioneer	HW; Main; J Vein
	TSK20-043	671	Pioneer	HW; Main; J Vein
	TSK20-040	427	Pioneer	Main
	TSK20-041	457	Pioneer	Main
	TSK20-044	549	Bralorne	77 Vein
2	TSK20-030	610	Bralorne	59 Vein
	TSK20-060	914	Bralorne	59 Vein; 51 Vein; 73 Vein
	TSK20-064	792	Bralorne	55 Vein; 53 Vein
	TSK20-075	610	Bralorne	55 Vein
	TSK20-026	853	Bralorne	55 Vein
	TSK20-027	945	Bralorne	55 Vein; 53 Vein
	TSK20-063	1006	Bralorne	55 Vein
	TSK20-037	1067	Bralorne	55 Vein
	TSK20-061	853	Bralorne	55 Vein
	TSK20-062	884	Bralorne	55 Vein
	15 Holes	**11,217**		

On March 26, 2020, Talisker announced an increase to its land position in the Bralorne Gold Camp with the acquisition of the Royalle property comprising four claim blocks comprising 3,827 hectares. The claim blocks sit directly south of the historic Bralorne-Pioneer mine along strike of the Cadwaller break that host eight exploration targets including mesothermal gold and silver veins and skarn style mineralization. The main target is the Piebiter zone with historic adit sampling returning gold grades of 4.3 g/t over 21 meters and selective grab samples of up to 227 g/t Au. The Chopper silver vein has been delineated for 2,400 meters and with selective grab samples up to 1,585 g/t Ag. The Company notes that these selected samples are not necessarily representative of the mineralization hosted on the Property and limited drilling has been completed on the Property. A qualified person has not verified the data disclosed in respect of the Property, including sampling, analytical and test data underlying this information. The data comes from historic reports prepared by previous owners. In connection with the agreement, Talisker paid $60,000 in cash and issued 600,000 common shares of Talisker. The Vendor has retained a 1% NSR that Talisker can purchase for $1,000,000.

(in Canadian dollars unless otherwise noted)

On March 31, 2020, Talisker further expanded its land position in the Bralorne Gold Camp with the acquisition of 19 Crown Grant mineral claims totaling 358.5 hectares. The NaiKun Crown Grant mineral claims are located five kilometers southwest of Goldbridge, British Columbia and partially underlay Talisker's current Bralorne Gold Project mineral tenure. The property sits seven kilometers directly along strike of the Bralorne-Pioneer mines. Under the terms of the purchase agreement, Talisker will issue 100,000 shares to the vendor in return for 100% ownership of the Naikun Grown Grants.

On April 1, 2020, Talisker announced results from the first drill hole SB-2020-001 (corresponds to proposed drill hole TSK20-042) which targeted the PHW, P Main and P Main splay and the J Veins. Highlights include:

- 11.3 g/t Au over 0.9m from 237.50m to 238.40m intersecting the PHW Vein
- 27.3 g/t Au over 0.6m from 364m to 364.6m intersecting the P Main Vein Splay
- 3.42 g/t Au over 1.58m from 437.92m to 439.5m intersecting the J Vein
- 16.45 g/t Au over 0.5m from 447.9m to 448.4m intersecting the J Vein Splay

A void was encountered at the anticipated location of the P Main Vein.

The Company also noted that significant gold mineralization was also identified for the first time in the altered halos surrounding the veins in both footwall and hanging wall locations associated with intense silica-sericite alteration that the Company believes has the potential to decrease dilution during the resource modelling phase. Highlights of non-vein mineralization include:

Hanging wall to the PHW Vein
- 1.4 g/t Au over 1m from 235m to 236m
- 2.13 g/t Au over 1.50m from 236m to 237.5m

Footwall to the PHW Vein
- 1.84 g/t Au over 0.5m from 238.4m to 238.9m

Hanging wall to the P Main Vein Splay
- 1.07 g/t Au over 1m from 363m to 364m

Footwall to the P Main Vein Splay
- 0.75 g/t Au over 1.1m from 364.6m to 365.7m

Hanging wall to the J Vein
- 1.09 g/t Au over 0.92m from 437m to 437.92m

Footwall to the J Vein
- 1.11 g/t Au over 1m from 440m to 441m

Select results from the first drill hole are listed in the following table.

Bralorne Gold Project Drill Hole ID SB-2020-001						
Sample Number	From (m)	To (m)	Interval (m)	Au g/t	Interpreted Structure	Method Reported
B0215653	235.00	236.00	1.00	1.40	Vein Halo	Au-AA24
B0215654	236.00	237.50	1.50	2.13	Vein Halo	Au-AA24
B0215655	**237.50**	**238.40**	**0.90**	**11.30**	**PHW Vein**	**Au-GRA22**
B0215656	238.40	238.90	0.50	1.84	Vein Halo	Au-AA24
B0215782	363.00	364.00	1.00	1.07	Vein Halo	Au-AA24

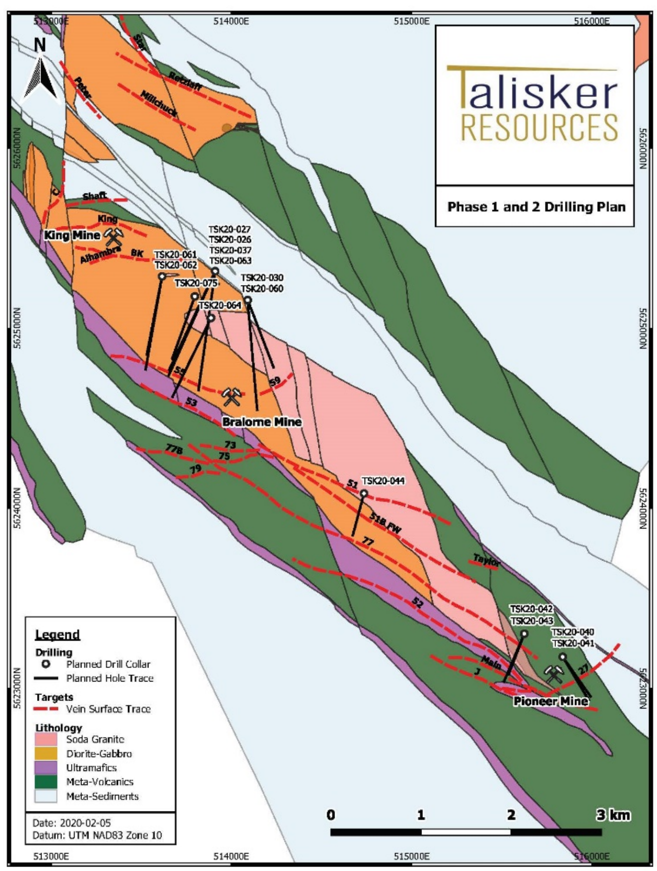
(in Canadian dollars unless otherwise noted)

Bralorne Gold Project Drill Hole ID SB-2020-001						
Sample Number	**From (m)**	**To (m)**	**Interval (m)**	**Au g/t**	**Interpreted Structure**	**Method Reported**
B0215783	**364.00**	**364.60**	**0.60**	**27.30**	**P Main Vein Splay**	**Au-GRA22**
B0215784	364.60	365.70	1.10	0.75	Vein Halo	Au-AA24
B0215855	437.00	437.92	0.92	1.09	Vein Halo	Au-AA24
B0215856	**437.92**	**439.50**	**1.58**	**3.42**	**J Vein**	**Au-SCR24**
B0215857	439.50	440.00	0.50	0.17	Vein Halo	Au-AA24
B0215858	440.00	441.00	1.00	1.11	Vein Halo	Au-AA24
B0215859	441.00	442.50	1.50	0.90	Vein Halo	Au-AA24
B0215865	446.80	447.90	1.10	0.57	Vein Halo	Au-AA24
B0215866	**447.90**	**448.40**	**0.50**	**16.45**	**J Vein Splay**	**Au-GRA22**
B0215867	448.40	449.50	1.10	0.70	Vein Halo	Au-AA24

Notes: Diamond drill hole SB-2020-001 was collared at an azimuth of 203 degrees, and a downward dip of 60 degrees. True widths are estimated at 70 - 90% of intercept lengths and are based on oriented core measurements. Method Reported includes the most up to date information as of the date of this press release. Additional re-run and over-limit results have not yet been received.

On April 1, 2020, the Company announced that drilling operations at the Bralorne Gold Project were temporarily suspended for good practices in relation to the COVID-19 pandemic. Prior to suspension of operations, the Company had completed a third of the drill program. Additional results will be announced when available.

In 2020, the Company has budgeted $3.5 million to undertake the two phase drilling program as outlined in the above table and the adjacent map that shows the planned drilling locations.



(in Canadian dollars unless otherwise noted)

Spences Bridge Gold Project

The Spences Bridge Gold Project consists of a 194,038 hectare (129 claims) land package covering ~85% of the Spences Bridge Gold Belt in southern British Columbia and comprises the Company's Spences Bridge and Blustry Mountain claims. The Spences Bridge Gold Project was acquired as part of the Acquired Properties from Sable and since acquisition in April 2019, the Company has been actively involved in negotiations with small third party claim holders with a view to fully consolidate the belt. In connection with the acquisition of the Acquired Properties, the Company assumed a strategic alliance that Sable had entered into with Westhaven Ventures Inc. ("Westhaven") which owns the Shovelnose Project, Prospect Valley, Skoonka and Skoonka North properties that are contiguous to the Company's claims. The strategic alliance provides for an agreement whereby any ground staked within 5 km of Westhaven's existing projects will be subject to a 2.5% net smelter royalty. Additionally, Westhaven has a 30 day right of first refusal for any properties within the same 5 km radius.

On May 10, 2019, Talisker commenced a regional stream sediment and geological reconnaissance program for the Spences Bridge Gold Project. The phase 1 program consists of a planned collection of 4,500 stream samples to be executed over two field seasons. Sediment samples taken from the 80 mesh silt fraction (177μm) from first and select second order drainages will be analyzed for gold, multi-element and vapor phase elements known as pathfinders for upper level epithermal systems. A team of 22 geologists executed the 2019 phase 1 program. In parallel to the regional geochemistry program, a detailed phase 2 program consisting of alteration and geological mapping, soil and rock chip sampling and in some cases geophysics to identify resistors was conducted over selected anomalies identified in the phase 1 program, as well as from previously identified government mineral file occurrences and historic anomalies identified in assessment reporting.

On June 18, 2019, the Company entered into purchase agreements for the Blustry Mountain project which comprises four mineral claims, totaling 471.5 hectares, in exchange for cash payments of $30,000 (paid), the issuance of 220,000 common shares of Talisker (issued) and, in the case of three of the minerals claims, a 1% net smelter royalty ("NSR"). Talisker has the right to purchase 50% of the NSR for $500,000.

On August 17, 2019, the Company staked a small claim comprising 226 hectares on the western margin of the Spences Bridge Gold Project where multiple anomalous basins along the edge of the block were identified.

The Company provided updates on the regional stream sediment program on August 22 and October 24, 2019. Results from the 2019 phase 1 regional stream sediment program included the review of 2,186 planned sample sites with 1,358 stream sediment samples collected and 828 planned sample sites being discarded due to either insufficient drainage incision, poor stream channel development, insufficient sediment material or overwhelming input from colluvial media. A total of 1,358 assays from ultra-trace ICP-MS analysis have been received with zero outstanding samples remaining at the lab. Geostatistical analysis of assay results has identified 23 anomalous basins within the 98th percentile defined by values above 37.5ppb 32 ppb Au and a total of 10 basins have been identified as highly anomalous with values above 100ppb Au (0.1g/t) to a maximum returned value of 315ppb Au (0.315 g/t). Mean sediment background value (50th percentile) has been identified as 1ppb Au. Further, the Company has defined eight multi-basin areas anomalous in gold and epithermal pathfinder elements and that Phase 2 soil sampling, detailed mapping and geophysics have been initiated on these areas.

Significant Stream Sediment Results					
Sample ID	**Au (ppb)**	**Sample ID**	**Au (ppb)**	**Sample ID**	**Au (ppb)**
A0672501	315	A0673187	52.9	A0673452	150
A0672573	212	A0673226	260	A0673546	75.5
A0672599	71.5	A0673275	32.1	A0673628	239
A0673134	233	A0673283	84.4	A0673971	41.1
A0673155	46.3	A0673323	49.5	A0673982	149
A0673167	59.3	A0673434	37.5		

Blustry Mountain Property

The Blustry Mountain property is located in southern British Columbia near Lytton and consists of four mineral claims comprising 471.5 hectares. The Blustry Mountain claims were acquired as part of Talisker's Spences Bridge Gold Project consolidation plan. Exploration in 2020 will consist of mapping and sampling via helicopter access, with the goal of defining the footprint of alteration and mineralization within the Blustry Mountain main zone.

Dora-Merritt Property Option

On May 31, 2019, Talisker entered into a purchase agreement for the Dora-Merritt property which encompasses six mineral claims, totaling 374.05 Ha, and provides the Company with an option to acquire 100% of the Dora-Merritt property mineral claims which are contiguous to the Company's Spences Bridge Gold Project. Under the term of the option agreement, Talisker paid $10,000 in cash and has agreed to pay $10,000 and 50,000 common shares of Talisker on May 31, 2020, and May 31, 2021; $20,000 and 50,000 common shares of Talisker on May 31, 2022; $50,000 and 150,000 common shares of Talisker on May 31, 2023; and to spend a minimum of $50,000 per year over five years. The option agreement is also subject to a share bonus of one common share per ounce of gold equivalent in the inferred or greater category to a maximum of 250,000 common shares and a 2% NSR. Talisker has the right to purchase 50 per cent of the NSR for $1 million.

The Dora-Merritt property is located 23 km southwest of Merritt. Historical soil samples identified a N-S trending strongly silicified rhyolite dome with stockwork of chalcedonic silica veins. Historical trench samples over the rhyolite identified multiple zones of mineralization with local gold values up to 7.8 g/t associated with silica veining. Talisker has initiated a soil sampling program on E-W trending lines, which includes 747 samples. Sample spacing is 50 meters on the E-W line, 100 meters on the N-S line covering the entirety of the claim group. Detailed mapping of the Dora-Merritt property was completed in early August 2019 and outlined two more prospective rhyolite units. On August 28, 2019, Talisker announced the initiation of Phase 2 exploration on the Dora-Merritt property and plans to initiate the drill permitting process in 2020 in anticipation of a successful Phase 2 exploration program.

Lola Property

The Lola property is centered on a major crustal suture zone, 20 kilometers south of the Elizabeth gold mine and is prospective for low-intermediate sulphidation gold systems. Initially staked as part of the Spences Bridge Gold Project consolidation plan, the Lola property is located in south central British Columbia 35 kilometers from Lillooet. The property is comprised of four mineral claims that encompass an area of 4,949 hectares. The first mineral claim comprising 1,670 hectares was staked in April 2019 and the final three claims comprising 3,279 hectares were staked by the Company in August 2019.

Initial mapping and prospecting was completed in July 2019 with the main Lola structure identified and mapped. The Lola structure is a 20 to 40 meter wide NNW trending vein zone consisting of banded chalcedonic and opaline silica. The veins host visible cinnabar, stibnite and chalcocite mineralization in fine linear sulphide bands.

On August 28, 2019, Talisker announced the initiation of Phase 2 exploration on the Lola property. Preliminary mapping and rock sampling were undertaken in 2019 and identified multiple northwest trending structures with low to intermediate sulphidation characteristics. Historical data shows a strong geochemical signature of epithermal pathfinders Hg, Sb and Ag, typical of high level (above potential "bonanza" zone) epithermal systems. During reconnaissance multiple historic mercury mines were identified with elevated copper and silver. Talisker plans to undertake a soil sampling program consisting of approximately 1,400 samples on NE-SW trending lines at 50 meters sample spacing and 200 meters line spacing to evaluate the full extent of the Lola structures and to aid in drill targeting. A soil program began in early October with 316 samples collected out of a proposed 1,387. Weakly anomalous gold was detected, however the structure was mainly highlighted by elevated pathfinder elements Ag, Ba, Cu, Hg and Sb. A total of $56,924 was spent on the Lola Project in 2019. With the geology differing from that of the Spences Bridge Gold Project, the Company is exploring the Lola property as a separate project.

Remington Property

The Remington property is in an emerging gold belt prospective for low-intermediate sulphidation systems and mesothermal gold systems located north of the historic Bralorne Gold Camp. Staked as part of the Spences Bridge Gold Project consolidation in advance of the Bralorne acquisition, the Remington Property is located in central British Columbia near the town of Goldbridge. The property has not been systematically mapped and has been never drilled. With the geology differing from that of the Spences Bridge Gold Project, the Company is exploring the Remington property as a separate project. The project consists of 22 mineral titles totalling 33,839.1 hectares. In the fall of 2019, 220 stream sediment samples and 71 rock samples were collected using a team of 16 field geologists based out of Goldbridge, BC. The results of the sampling returned eight highly anomalous gold samples (>14.9ppb Au, 96.3 percentile or greater) and a total of 34 samples of highly anomalous pathfinder elements (Au, Hg, As, Sb, Ag, Mo, Pb, Zn). A total of $163,018 was spent over the course of the 21-day field program.

Big Sheep Property

The Big Sheep property comprises 162.6 hectares over two mineral claims and was acquired in January 2020 with the payment of $40,000 in cash and the issuance of 250,000 common shares. The Big Sheep property is located at the northwest extreme of the Remington property where a large alteration zone is easily identifiable in the field and also on satellite images where soil and talus anomalies reach up to 1.7 ppm Au with high values of Ag, As, Te.

Blue Jay Property

The Blue Jay property consists of five claim blocks totaling 2,753 hectares located 30 minutes north of Rock Creek, British Columbia. In 2019, the Company did not undertake any exploration work on the Blue Jay property and no exploration work is planned for 2020.

Golden Hornet Property Option

On January 28, 2020, the Company entered into an option agreement for the Golden Hornet property. The Golden Hornet property comprises 13 mineral claims encompassing 2,206.03 hectares that are contiguous to the Company's existing Blue Jay property.

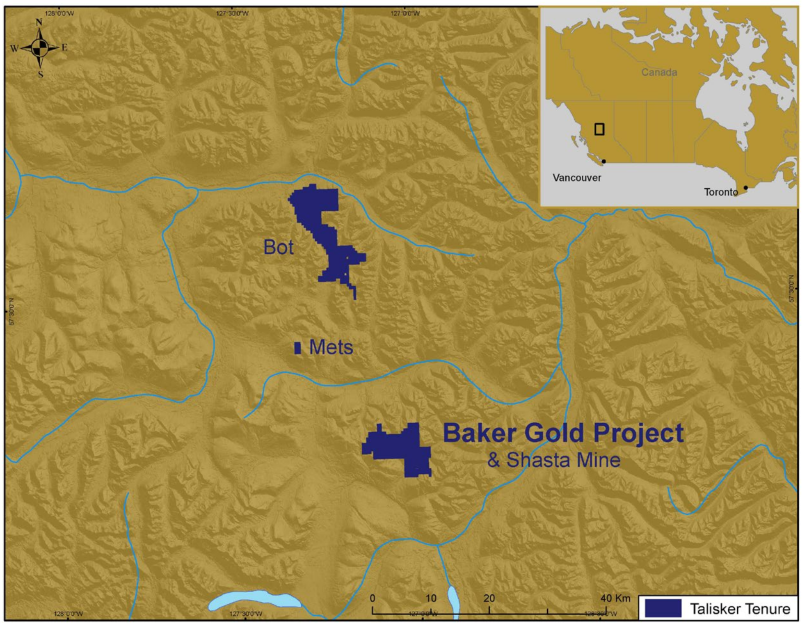
Under the term of the option agreement, Talisker can acquire 100% of the Golden Hornet property in exchange for payments totaling $145,000 in cash and 575,000 common shares, payable as to $10,000 cash on signing and 50,000 common shares, $10,000 in cash and 50,000 common shares on the first anniversary, $25,000 cash and 75,000 common shares on the second anniversary, $50,000 cash and 150,000 common shares on the third anniversary, and $50,000 cash and 250,000 common shares on the fourth anniversary and to expend $60,000 per year over four years. The option agreement is also subject to a share bonus of one common share per ounce of gold equivalent in the inferred or greater category to a maximum of 200,000 common shares and a 2% NSR. Talisker has the right to purchase 100% of the NSR for $1 million.

Previous work on the Golden Hornet property consists of a NW trending sheet vein system with trench sample intercepts of 21.1g/t gold over 5.1 meters and 4.17 g/t gold over 14 meters. Confirmation grab sampling of the veins returned values of 26.1g/t and 12g/t gold. Talisker notes that these selected samples are not necessarily representative of the mineralization hosted on the Golden Hornet property. Limited drilling has been completed on the Golden Hornet property. In 2020, Talisker exploration plans include a drill test of the main zone and to test geochemical anomalies along strike.

Tulox Property

The Tulox property is located 55 kilometers north of Kamloops within the Bonaparte Plateau region. The property consists of 22 mineral claims totaling 13,720.9 hectares. Drilling undertaken by Sable in 2018 identified a low-grade gold system hosted within a series of mafic dykes located along a northwest trending contact between two polyphase early Jurassic intrusives. No exploration was completed on the Tulox property. Re-sampling of historic drill core and an update to the current 43-101 are underway with a total of $9,950 budgeted to complete the 43-101 technical report and sampling. No work is planned at Tulox for 2020.

Northern British Columbia Properties



Baker Gold Project

The Baker Gold Project is located in the Toodoggone region of the Omineca Mining Division, 430 km northwest of Prince George, British Columbia. The Baker Gold Project is situated 35 km northwest of the former Kemess South open pit gold-copper mine and consists of 53 mineral claims, and two mining leases covering 6,569 hectares of land that encompass the past-producing Dupont-Baker 'A' and Multinational 'B' underground gold-silver mines and the past-producing Shasta open pit/underground gold-silver mine, and the Baker mill and tailings storage facility.

Shasta Mine & Baker Infrastructure and Equipment

The Shasta Mine is located nine km east from the processing and camp facilities. Production commenced in 1989 and was operated by Sable intermittently until 2012 when the mine was put on care-and-maintenance. Historical production from the Shasta mine primarily occurred during the periods 1989-1991 (JM and D zones) and 2008-2012 (Creek zone). The mine production was processed at Sable's Baker mill, commonly at rates of 200-250 ton/day, where gold and silver dore was produced for sale. There are two Production Leases, one at the Chappelle property (P.L. No. 13, Lot 1048) and one at Shasta Mine (P.L. No. 48) and permitted tailings and waste facilities.

Chappelle (Baker and Multinational Mines) Property

The Chappelle ground covers the historically mined Dupont/Baker 'A' vein mine, and the Multinational 'B' vein mines. The Baker Mine (referred to as the Dupont/Baker 'A' deposit) was operated by Dupont Canada during the period 1981–1983 as an underground and open pit gold - silver mine. The Dupont operation included a 90 tons per day whole ore cyanidation plant using the Merrill-Crowe process. Historical production from the Dupont/Baker miner totaled 81,878 tonnes producing 1,283,973 grams (41,285 ounces) gold, 23,812,572 grams (765,677 ounces) silver and 13,076 kilograms copper. Sable acquired the Baker site including the processing facility in 1989 and subsequently modified it to a flotation circuit with optional concentrate cyanidation.

On August 26, 2019, the Company filed the Baker Gold Technical Report pursuant to NI 43-101. The 2018 Annual Reclamation Report is currently being prepared by JDS Energy & Mining Inc. on behalf of Sable. The Company and Sable have entered into an agreement that provides for Sable to cover costs related to: (i) the 2018 Annual Reclamation Report; (ii) the transfer of the Shasta-Baker mining permits; and (iii) any reclamation expenses beyond $311,266.

There is no current exploration budget for the Baker Gold Project.

Bot Property

The Bot property consists of 18 claim blocks comprising 8,685 hectares in the Toodoggone district and is located approximately 35 km north of the Baker milling facilities in northern British Columbia. Previous work completed in 2004 and 2006 by Sable outlined significant mineralization on the property. In 2019, the Company did not undertake any exploration work on the Bot property and no exploration work is planned for 2020.

Mets Lease

The Mets Lease is located approximately 20 km north of the Baker and Multinational Mines. The mining lease covers two km^2 and is subject to a 1% NSR which can be purchased at any time for $500,000. Historical work performed on the property dating back to the discovery of mineralization in the mid 1980's consisted of 8,784m of diamond drilling, geological and geochemical surveys. In 2019, the Company did not undertake any exploration work on the Mets Lease and no exploration work is planned for 2020.

SALE OF FORMER ISRAEL BUSINESS OPERATIONS

On September 14, 2018, the Company entered into a share purchase agreement (the "Agreement") with DYG Holdings Ltd. ("DYG"), pursuant to which the Company agreed to sell all of the shares of its Israeli subsidiaries to DYG representing a sale of all of the Company's former operating business (the "Sale Transaction"). The Company entered into the Agreement in order to complete its process of winding up its operations in Israel. Under the terms of the Agreement, the Company agreed to sell all of the issued and outstanding shares of Xenemetrix Ltd., Croptimal Ltd., and Xwinsys Technology Development Ltd. (the "Discontinued Subsidiaries") for nominal consideration and the possibility of receiving post-closing earn-out payments, only if DYG succeeds in re-establishing the business of the Discontinued Subsidiaries and realizing profits during the earn out period ending December 31, 2025. Any such earn-out payments would represent 20% of the net profit of the purchased companies, after various adjustments up to a maximum of $4,000,000. The Agreement contained only basic representations and warranties and the sale was completed substantially on an "as is where is" basis.

On October 31, 2018, the Sale Transaction was approved by shareholders at a special meeting of shareholders and the Sale Transaction was finalized.

In its news release issued on July 31, 2018, the Company first announced its plans to discontinue its Israeli operations and that it had entered into a comprehensive agreement with SICPA Finance ("SICPA Finance"), SICPA SA, and SICPA Global Fluids Integrity SA ("GFI") that terminated the long term supply, maintenance and support agreement between Xenemetrix and GFI and settled the outstanding amount owing to the Company by SICPA Finance (the "SICPA Termination Agreement"). Under the terms of the SICPA Termination Agreement, SICPA Finance agreed to pay the Company a total of $3,400,000 in full satisfaction of all of the remaining net revenue based earn-out obligations owed by it to the Company in connection with its sale of GFI to SICPA, payable in instalments of $800,000, $1,300,000 and $1,300,000 on August 2, 2018, October 1, 2018 and January 3, 2019, respectively. The SICPA Termination Agreement was entered into by the Company to help facilitate an orderly transition of its business, eliminate risk and to strengthen its short-term cash position.

Claim

On June 21, 2018, Yellow Brick Capital Advisers (UK) Limited filed a claim against the Company, its subsidiary, Croptimal Ltd., and one of its officers in the Magistrates Court, in Tel Aviv, Israel. The lawsuit alleged that the Company and one of its officers lacked good faith in carrying out and terminating negotiations for a possible sale of the shares of Croptimal Ltd. In its claim, the plaintiff sought monetary damages of 518,459 New Israeli Shekels (approximately, 185,245 Canadian dollars). In 2019, the Company defended the claim and filed a Statement of Defence and a Counter-Claim in the Magistrates Court, in Tel Aviv, Israel. On February 19, 2020, the Magistrates Court dismissed the claim and counter-claim.

OUTLOOK AND STRATEGY

Talisker plans to continue to develop and strengthen its land position to remain a dominant gold explorer in southern British Columbia capitalizing on its strong cash position and technical knowledge to acquire undervalued and underexplored historic camps and through the staking of internally generated grassroots target areas.

In 2020, the Company plans to finalize its 11,200m drill program targeting high grade veins at the Bralorne Gold Project and to systematically explore its existing greenfields tenure aiming to complete Phase 1 (regional geochemistry and reconnaissance) and Phase 2 exploration (detailed geochemistry and mapping) at the Spences Bridge Gold Project and Remington properties. A team of 22 geologists will be employed to execute the exploration greenfields program during the 2020 field season with a current plan to commence the phase 1 2020 field season June 1st, subject to COVID-19 measures.

Leadership Team

Terence Harbort – Director, President and Chief Executive Officer
Andres Tinajero – Director, Chief Financial Officer
Michael McPhie – Vice President, Sustainability and External Affairs
Leonardo Souza – Vice President, Exploration and Resource Development
Charlotte May – Corporate Secretary
Thomas Obradovich – Executive Chairman (2*)
Brent Gilchrist – Director (1)
Morris Prychidny - Director
Blair Zaritsky – Director (1*)(2)

Notes:
(1) Member of the Audit Committee
(2) Member of the Compensation Committee
* Denotes Committee Chair

Additional information on Talisker's leadership team is available at www.taliskerresources.com.

Summarized Financial Results

RESULTS OF OPERATIONS

For the year ended December 31, 2019, net loss amounted to $5,015,024, compared to a net loss of $8,872,079 in 2018. The lower net loss is primarily due to the discontinued operations in Israel that generated losses of $5,912,546 during the comparable year, which were eliminated during the current year.

Expenses

For the years ended December 31, 2019 and 2018:

Expenses from continuing operations of $5,009,173 for the year ended December 31, 2019, increased in comparison with the expenses of $1,911,807 for the year ended December 31, 2018. The increase for the period is primarily due to the following variances with remaining expenditures remaining consistent between the two periods:

- Exploration and evaluation expenses increased to $2,379,178 for the year ended December 31, 2019 from $nil for the same period in 2018. The increase is due to the change in business during the year to a mining exploration company and the acquisition of the Sable Acquired Properties and the Bralorne Gold Project during the year.

- Consulting and management expenses decreased from $1,365,965 for the year ended December 31, 2018 to $538,330 for the year ended December 31, 2019. The decrease is due to severance payments made to the former CEO as well as severance payments as part of the sale transaction of the former subsidiaries in Israel.
- Share based payments increased to $1,448,000 for the year ended December 31, 2019 from $78,500 for the same period in 2018. Share based payments vary based on the number of options and RSU's issued in the period and their related valuation. See note 15 of the audited financial statements for the years ended December 31, 2019 and 2018 for details on options and RSU's issued.

- Public company costs increased from $25,867 for the year ended December 31, 2018 to $269,720 for the year ended December 31, 2019. The increase is due to the increase in corporate developments and acquisitions during the year which resulted in increased disclosure costs and investor relation costs.

For the three months ended December 31, 2019 and 2018:

Expenses from continuing operations of $2,420,528 for the three month period ended December 31, 2019, increased in comparison with the expenses of $329,998 for the three month period ended December 31, 2018. The increase for the period is primarily due to the following variances with remaining expenditures remaining consistent between the two periods:

- Exploration and evaluation expenses increased to $824,581 for the three month period ended December 31, 2019 from $nil for the same period in 2018. The increase is due to the change in business during the year to an exploration company and the acquisition of the Sable properties and Bralorne Gold Project during the year.

- Share based payments decreased to $1,102,000 for the three month period ended December 31, 2019 from $78,500 for the same period in 2018. Share based payments vary based on the number of options and RSU's issued in the period and their related valuation. See note 15 of the audited financial statements for the years ended December 31, 2019 and 2018 for details on options and RSU's issued.

(in Canadian dollars unless otherwise noted)

- Public company costs increased from $(18,434) for the year ended December 31, 2018 to $103,506 for the year ended December 31, 2019. The increase is due to the increase in corporate developments and acquisitions during the year which resulted in increased disclosure costs and investor relation costs.

Discontinued Operations

Revenue from discontinued operations for the three month period and year ended December 31, 2019 decreased to $nil and $nil respectively (US$nil and US$nil) from $349,329 and $1,168,726 respectively (US$291,136 and US$927,709) for the three month period and year ended December 31, 2018 respectively, as the Company sold the Israeli subsidiaries during the year ended December 31, 2018.

Expenses from discontinued operations of $nil and $nil respectively for the three month period and year ended December 31, 2019 decreased in comparison with the expenses of $278,336 and $4,362,042 respectively for the three month period and year ended December 31, 2018, as the Company sold the Israeli subsidiaries during the year ended December 31, 2018. Expenses from discontinued operations in the prior period related primarily to research and development costs, and sales and administration costs.

Other Income/Expenses

The Company incurred a foreign exchange translation loss of $16,712 for the year ended December 31, 2019, compared to a gain of $366,516 for the year ended December 31, 2018. The increase in the gain is due to the recognition of exchange differences previously recorded under other comprehensive income which were reclassified to the income statement upon sale of the subsidiaries in Israel.

The Company also recorded interest accretion income of $nil (2018 - $314,370) during the year ended December 31, 2019, representing interest accretion on the long term portion of the earn out proceeds receivable from SICPA as per the terms of the sale of GFI. The receivable was settled during the year ended December 31, 2018 as such, interest accretion is no longer recurring. The Company also recorded a write down on settlement of the long term receivable of $1,761,780 during the comparable year ended December 31, 2018 to reflect the terms of the settlement of the receivable.

SELECTED FINANCIAL INFORMATION

The information below should be read in conjunction with the condensed interim financial statements and related notes and other financial information. The following is for the periods ended:

	Year Ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017
	$	$	$
Revenue – discontinued operations	-	1,168,726	2,701,010
Income (Loss)			
- from continuing operations	(5,015,024)	(2,959,533)	(144,129)
- from discontinued operations	-	(5,912,546)	(5,279,453)
- net income (loss)	(5,015,024)	(8,872,079)	(5,423,582)
Income (Loss) per share			
- from continuing operations	(0.08)	(0.13)	(0.24)
- from discontinued operations	-	(0.26)	-
- net income (loss)	(0.08)	(0.39)	(0.24)
Total assets at end of year	37,821,067	4,797,461	14,541,868

(in Canadian dollars unless otherwise noted)

SUMMARY OF QUARTERLY RESULTS

The following tables set forth selected financial information for each of the Company's eight most recently completed quarters:

	Q4 2019 $	Q3 2019 $	Q2 2019 $	Q1 2019 $
Revenue – discontinued operations	-	-	-	-
Cost of sales – discontinued operations	-	-	-	-
Gross profit – discontinued operations	-	-	-	-
Expenses	(2,420,528)	(1,060,314)	(1,323,857)	(204,474)
Expenses – discontinued operations	-	-	-	-
Other income (expense)	(8,534)	2,875	1,737	14,783
Foreign exchange gain (loss)	(3,101)	(7,267)	2,204	(8,548)
Income tax recovery	-	-	-	-
Net loss	(2,432,163)	(1,064,706)	(1,319,916)	(198,239)
Basic income (loss) per share				
- from continuing operations	(0.04)	(0.02)	(0.02)	(0.00)
- from discontinued operations	-	-	-	-
- net income (loss)	(0.04)	(0.02)	(0.02)	(0.00)
Total assets at end of period	37,821,067	7,831,775	5,213,455	4,170,382

	Q4 2018 $	Q3 2018 $	Q2 2018 $	Q1 2018 $
Revenue – discontinued operations	349,329	143,111	327,969	348,317
Cost of sales – discontinued operations	(118,795)	(138,324)	(292,544)	(249,581)
Gross profit – discontinued operations	230,534	4,787	35,425	98,736
Expenses	(329,998)	(906,132)	(227,203)	(448,474)
Expenses – discontinued operations	(278,336)	(2,421,604)	(1,605,985)	(1,553,567)
Other expense (income)	(435,582)	(1,685,572)	127,263	131,759
Foreign exchange loss (gain)	358,256	5,425	7,988	20,201
Income tax recovery	-	-	-	-
	(685,660)	(5,007,883)	(1,697,937)	(1,850,081)
Net income (loss)	(455,126)	(5,003,096)	(1,662,512)	(1,751,345)
Basic and fully diluted income (loss) per share				
- from continuing operations	(0.00)	(0.00)	(0.01)	(0.02)
- from discontinued operations	(0.03)	(0.03)	0.00	0.00
- net income (loss)	(0.01)	(0.05)	(0.02)	(0.02)
Total assets at end of period	4,797,461	6,145,572	10,919,534	12,642,331

Over the past eight quarters, revenues from discontinued operations ranged from a low of $nil in 2019 to a high of $349,329 in the fourth quarter of 2018 with cost of sales ranging from a low of $nil in 2019 to a high of $292,544 during the second quarter of 2018 with the variance attributed to fluctuations based on the degree of customization on detector and ancillary equipment sales with gross profit varying in correlation as well as the effect of foreign exchange rates. The revenue trend saw sales increase in 2016 and 2017 reflecting an increase in detectors and ancillary products revenue of Xenemetrix due primarily to the investment the Company made into the ED-XRF platform and marketing which introduced the updated

(in Canadian dollars unless otherwise noted)

Xenemetrix product line, in particular its mobile systems. Despite sales increasing for a period in 2017, the Discontinued Subsidiaries continued to operate at a loss. With continued losses anticipated, in March 2018, the Company's board of directors instituted a strategic review. The steady decline in sales in 2018 led to the Company's decision to discontinue the operations in Israel.

Expenses from continuing operations have fluctuated somewhat quarter over quarter ranging from a low of $204,474 in the first quarter of 2019 to a high of $2,420,528 in the fourth quarter of 2019. Expenses from continuing operations have historically ranged from $200,000 to $300,000 with the first and third quarters of 2018 realizing higher expenses due to severance costs for the former CEO as well as severance costs pursuant to the decision to terminate operations of the former subsidiaries in Israel. These costs increased starting from the second quarter of 2019 when the Company changed its business to a mineral resource exploration company and raised significant funds which were used for exploration activities.

Expenses from discontinued operations also fluctuated quarter over quarter ranging from a low of $278,336 in the fourth quarter of 2018 to a high of $2,421,604 in the third quarter of 2018. The lower expenditures during the last quarter in 2018 was attributable to only one month of operations being included in the results prior to the sale of the Discontinued Subsidiaries in Israel which was effective October 31, 2018.

Disclosure of Outstanding Share Data as of April 1, 2020

	Authorized	Outstanding
Voting or equity securities issued and outstanding	Unlimited	166,923,276 common shares
Securities convertible or exercisable into voting or equity shares		a) Options to acquire up to 10,331,250 common shares b) 100,000 RSU's to acquire up to nil common shares c) 11,673,323 Warrants exercisable to acquire common shares of the Company

See note 13, 14 and 15 to the audited financial statements for the years ended December 31, 2019 and 2018 for more detailed disclosure of outstanding share data.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash and cash equivalents, marketable securities, amounts receivable, current portion of long term receivable, reclamation deposits, accounts payable and accrued liabilities and equipment loan and leases payable. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments and that the fair values of these financial instruments approximate their carrying values.

Dividends

The Company has neither declared nor paid any dividends on its common shares. The Company intends to retain its earnings, if any, to finance growth and expand its operation and does not anticipate paying any dividends on its common shares in the foreseeable future.

LIQUIDITY AND CASH FLOWS

The Company ended fiscal 2019 with cash of $9,702,490, compared to $946,611 as at December 31, 2018. The Company had working capital of $8,603,385 as at December 31, 2019 compared to working capital of $4,165,835 as at December 31, 2018.

Cash used by operating activities was $2,392,681 for the year ended December 31, 2019 compared to cash used of $3,009,294 for the year ended December 31, 2018. Cash flows used by operating activities was lower between the two periods primarily due to the receipt of instalments under the SICPA long term receivable and a decrease in expenditures due to the elimination of the discontinued operations in Israel.

Cash flows provided by investing activities was $1,071,351 for the year ended December 31, 2019, compared to cash used of $2,576,626 for the year ended December 31, 2018. Investing activities mainly related to investments in marketable securities. The amount of cash provided by investing activities was higher in the comparable period primarily due to the net sale of marketable securities of $2,526,633 (2018 - $2,514,385 purchases), as well as the elimination of cash used in investing activities of the discontinued operation, offset by the purchase of Bralorne which amounted to a net cash outflow of $904,923.

Cash flows provided by financing activities was $10,077,209 for the year ended December 31, 2019, compared to $nil for the year ended December 31, 2018. The amount of cash provided by financing activities was higher in the current period primarily due to private placements completed during the year ended December 31, 2019 of 60,129,742 shares and units for net proceeds of $10,077,209 (2018 - $nil).

Cash used by discontinued operations was $nil for the year ended December 31, 2019 (2018 - $4,985,056). Discontinued operations relate to the operations of the Discontinued Subsidiaries. The lower cash flows for the year ended December 31, 2019 as compared to 2018 is due to the sale of the subsidiaries in Israel during the year ended December 31, 2018.

It is not possible to predict if or when the Company will achieve profitable levels of operations as the Company has sold its former operations and has changed its business focus to mineral exploration. As at December 31, 2019, the Company had working capital of $8,603,385 (December 31, 2018 - $4,165,835).

The consolidated financial statements have been prepared on a going concern basis. The going concern basis assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company had a net loss during the year ended December 31, 2019 of $5,015,024 and an accumulated deficit of $16,064,824.

The Company's ability to continue as a going concern is dependent upon attaining profitable operations, and, if required, the ability to raise public equity financing to meet expenditure commitments. There is no assurance that these activities will be successful. The combination of these circumstances set out above represents a material uncertainty which may cast significant doubt upon the Company's ability to continue as a going concern. However, the Company is confident that it will have adequate resources to continue in operational existence for the foreseeable future. For this reason, the Company continues to adopt the going concern basis in preparing its financial statements. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used that would be necessary if the going concern assumptions were not appropriate. These adjustments would be material to the financial statements.

(in Canadian dollars unless otherwise noted)

TRANSACTIONS WITH RELATED PARTIES

The following is a summary of the Company's related party transactions during the years ended December 31, 2019 and 2018:

The Company incurred administrative and operations costs in the amount of $88,491 (2018 - $nil) paid to Sable Resources Ltd., a company with certain common directors and officers.

The Company incurred administrative and operations costs in the amount of $37,800 (2018 - $nil) paid to Talisker Exploration Services Inc.., a company with certain common directors and officers.

Compensation of key management personnel of the Company

In accordance with IAS 24, key management personnel, including companies controlled by them, are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The remuneration of directors and key executives is determined by the compensation committee.

The remuneration of directors and other members of key management personnel during the years ended December 31, 2019 and 2018 were as follows:

	Year ended December 31, 2019	Year ended December 31, 2018
Short term employee benefits, director fees	**$ 665,633**	$ 1,469,400
Share based payments	**1,195,000**	78,500
	$ 1,860,633	$ 1,547,900

As at December 31, 2019, an amount of $91,852 (December 31, 2018 - $434,418) due to key management personnel, was included in accounts payable and accrued liabilities. This amount is unsecured, non-interest bearing and without fixed terms of repayment.

The Company's Board of Directors has overall responsibility for the oversight of the Company's risk management policies. In carrying on its business, the Company is exposed to a variety of risks, including the risks described elsewhere in this MD&A. The Company can neither predict nor identify all such risks nor can it accurately predict the impact, if any, of such risks on its business, operations or the extent to which one or more risks or events may materially change future results of financial position from those reported or projected in any forward looking statements. Accordingly, the Company cautions the reader not to rely on reported financial information and forward-looking statements to predict actual future results. This MD&A and the accompanying financial information should be read in conjunction with this statement concerning risks and uncertainties. Some of the risks, uncertainties and events that may affect the Company, its business, operations, and results, are given in this section. However, the factors and uncertainties are not limited to those stated. The Company has policies and practices mandated by the Board of Directors to manage the Company's risks which include the risks described elsewhere in this MD&A and below.

RISK FACTORS

The Company's business, being the acquisition, exploration, and development of mineral properties in Canada, is speculative and involves a high degree of risk. The risk factors listed below could materially affect the Company's financial condition and/or future operating results, and could cause actual events to differ materially from those described in forward-looking statements made by or relating to the Company.

Pandemic Diseases

The Company's operations are subject to the risk of emerging infectious diseases or the threat of outbreaks of viruses or other contagions or epidemic diseases. These infectious disease risks may not be adequately responded to locally, nationally or internationally due to lack of preparedness to detect and respond to outbreaks or respond to significant pandemic threats. As such, there are potentially significant economic and social impacts of infectious disease risks, including the inability of the Company's exploration operations to operate as intended due to shortage of skilled employees, shortages in supply chains, inability of employees to access sufficient healthcare, significant social upheavals, government or regulatory actions or inactions, the declines in the price of precious metals, capital market volatility, or other unknown but potentially significant impacts. Given the fact that the Company's properties are located in British Columbia, there are potentially significant economic losses from infectious disease outbreaks that can extend far beyond the initial location of an infection disease outbreak. As such, both catastrophic outbreaks as well as regional and local outbreaks can have a significant impact on the Company's operations. The Company may not be able to accurately predict the quantum of such risks. In addition, the Company's own operations are exposed to infection disease risks noted above and as such the Company's operations may be adversely affected by such infection disease risks. Accordingly, any outbreak or threat of an outbreak of a virus or other contagions or epidemic disease could have a material adverse effect on the Company, its business, results from operations and financial condition.

Nature of Mineral Exploration and Mining

The Company's future is dependent on its exploration and development programs. The exploration and development of mineral deposits involves significant financial risks over a prolonged period of time, which may not be eliminated even through a combination of careful evaluation, experience and knowledge. Few properties that are explored are ultimately developed into economically viable operating mines. Major expenditures on the Company's exploration properties may be required to construct mining and processing facilities at a site, and it is possible that even preliminary due diligence will show adverse results, leading to the abandonment of projects. It is impossible to ensure that preliminary or full feasibility studies on the Company's projects, or the current or proposed exploration programs on any of the properties in which the Company has exploration rights, will result in any profitable commercial mining operations. The Company cannot give any assurance that its current and future exploration activities will result in a discovery of mineral deposits containing mineral reserves.

Estimates of mineral resources and any potential determination as to whether a mineral deposit will be commercially viable can also be affected by such factors as: the particular attributes of the deposit, such as its size and grade; unusual or unexpected geological formations and metallurgy; proximity to infrastructure; financing costs; precious metal prices, which are highly volatile; and governmental regulations, including those relating to prices, taxes, royalties, infrastructure, land use, importing and exporting of metal concentrates, exchange controls and environmental protection. The effect of these factors cannot be accurately predicted, but the combination of any or all of these factors may result in the Company not receiving an adequate return on its invested capital or suffering material adverse effects to its business and financial condition. Exploration and development projects also face significant operational risks including but not limited to an inability to obtain access rights to properties, accidents, equipment breakdowns, labour disputes (including work stoppages and strikes), and other unanticipated interruptions.

Exploration, Development and Operations

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, including the Company's ability to extend the permitted term of exploration granted by the underlying concession contracts. Substantial expenditures are required to establish reserves through drilling, to develop processes to extract the resources and, in the case of new properties, to develop the extraction and processing facilities and infrastructure at any site chosen for extraction. Although substantial benefits may be derived from the discovery of a major deposit, no assurance can be given that any such deposit will be commercially viable or that the funds required for development can be obtained on a timely basis.

Early Stage Status and Nature of Exploration

The terms “resource(s)” or “reserve(s)” cannot be used to describe any of the Company’s exploration properties due to the early stage of exploration at this time. Any reference to potential quantities and/or grade is conceptual in nature, as there has been insufficient exploration to define any mineral resource and it is uncertain if further exploration will result in the determination of any mineral resource. Any information, including quantities and/or grade, described in this AIF should not be interpreted as assurances of a potential resource or reserve, or of potential future mine life or of the viability or profitability of future operations.

Liquidity and Additional Financing

The Company's ability to continue its business operations is dependent on management's ability to secure additional financing. The Company's only source of liquidity is its cash and cash equivalent balances. Liquidity requirements are managed based upon forecasted cash flows to ensure that there is sufficient working capital to meet the Company's obligations.

The advancement, exploration and development of the Company's properties, including continuing exploration and development projects, and, if warranted, construction of mining facilities and the commencement of mining operations, will require substantial additional financing. As a result, the Company may be required to seek additional sources of equity financing in the near future. While the Company has been successful in raising such financing in the past, its ability to raise additional equity financing may be affected by numerous factors beyond its control including, but not limited to, adverse market conditions, commodity price changes and economic downturns. There can be no assurance that the Company will be successful in obtaining any additional financing required to continue its business operations and/or to maintain its property interests, or that such financing will be sufficient to meet the Company's objectives or obtained on terms favourable to the Company. Failure to obtain sufficient financing as and when required may result in the delay or indefinite postponement of exploration and/or development on any or all of the Company's properties, or even a loss of property interest, which would have a material adverse effect on the Company's business, financial condition and results of operations.

No Earnings and History of Losses

The business of developing and exploring resource properties involves a high degree of risk and, therefore, there is no assurance that current exploration programs will result in profitable operations. The Company has not determined whether any of its properties contains economically recoverable reserves of mineralized material and currently has not earned any revenue from its projects; therefore, the Company does not generate cash flow from its operations. There can be no assurance that significant additional losses will not occur in the future. The Company's operating expenses and capital expenditures may increase in future years with advancing exploration, development and/or production from the Company's properties. The Company does not expect to receive revenues from operations in the foreseeable future and expects to incur losses until such time as one or more of its properties enters into commercial production and generates sufficient revenue to fund continuing operations. There is no assurance that any of the

Company's properties will eventually enter commercial operation. There is also no assurance that new capital will become available, and if it is not, the Company may be forced to substantially curtail or cease operations.

Market Price of the Common Shares

The Company's shares are listed on the Canadian Securities Exchange (the "CSE") under the symbol "TSK" and the OTCQB Venture Market under the symbol "TSKFF". The market price of securities of many companies, particularly exploration and development stage mining companies, experience wide fluctuations that are not necessarily related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that an active market for the common shares will be sustained, or that fluctuations in the price of the common shares will not occur. The market price of the common shares at any given point in time may not accurately reflect the Company's long-term value. Securities class action litigation has often been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Volatility of Commodity Prices

The development of the Company's properties is dependent on the future prices of minerals and metals. As well, should any of the Company's properties eventually enter commercial production, the Company's profitability will be significantly affected by changes in the market prices of minerals and metals.

Precious metals prices are subject to volatile price movements, which can be material and occur over short periods of time and which are affected by numerous factors, all of which are beyond the Company's control. Such factors include, but are not limited to, interest and exchange rates, inflation or deflation, fluctuations in the value of the U.S. dollar and foreign currencies, global and regional supply and demand, speculative trading, the costs of and levels of precious metals production, and political and economic conditions. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems, the strength of and confidence in the U.S. dollar (the currency in which the prices of precious metals are generally quoted), and political developments.

The effect of these factors on the prices of precious metals, and therefore the economic viability of any of the Company's exploration projects, cannot be accurately determined. The prices of commodities have historically fluctuated widely, and future price declines could cause the development of (and any future commercial production from) the Company's properties to be impracticable or uneconomical. As such, the Company may determine that it is not economically feasible to commence commercial production at some or all of its properties, which could have a material adverse impact on the Company's financial performance and results of operations. In such a circumstance, the Company may also curtail or suspend some or all of its exploration activities.

Industry and Economic Factors Affecting the Company

The Company is a junior resource issuer focused primarily on the evaluation, exploration and development of mineral properties and potential acquisition of mineral properties in the future. The Company's future performance is largely tied to the financial markets related to junior resource companies, which is often cyclical. The Company will continuously monitor several economic factors including the uncertainty regarding the price of gold, silver and copper and the availability of equity financing for the purposes of mineral exploration and development. The Company's future performance is largely tied to its ability to raise additional financing needed to fund its ongoing exploration and operating activities and to pursue the exploration and the development of its mineral property interests and the overall financial markets. Financial markets in the mining sector are likely to continue to be volatile reflecting ongoing concerns about the global economy, and the general pessimistic outlook in the mining sector. Companies worldwide have been affected negatively by these trends. As a result, the Company may have difficulties raising equity financing needed for the purposes of mineral exploration and development, particularly without excessively diluting the interests of its current shareholders. With continued market volatility expected, the Company's current strategy is to continue a modest exploration program on its properties using existing cash and funds generated through equity financings if and when available and to seek out other prospective business opportunities, including entering into option arrangements and/or joint ventures. The Company believes that this focused strategy will enable it to pursue its business strategy and plans in the near term. These trends may limit the Company's ability to develop and/or further explore its properties, and/or acquire other property interests that could be acquired in the future. Management will monitor economic conditions and estimate their impact on the Company's plans, strategies and activities and incorporate these estimates in short-term operating and longer-term strategic decisions.

Title Matters

Title to, and the area of, mineral properties may be disputed. There is no guarantee that title to one or more claims or concessions at the Company's projects will not be challenged or impugned. There may be challenges to any of the Company's titles which, if successful, could result in the loss or reduction of the Company's interest in such titles. The Company's properties may be subject to prior unregistered liens, agreements, transfers or claims, and title may be affected by, among other things, undetected defects. In addition, the Company may be unable to operate its properties as permitted or to enforce its rights with respect to its properties. The failure to comply with all applicable laws and regulations, including a failure to pay taxes or to carry out and file assessment work, can lead to the unilateral termination of concessions by mining authorities or other governmental entities.

Environmental Risks and Hazards

The mining and mineral processing industries are subject to extensive environmental regulation for the protection of the environment. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. These regulations may adversely affect the Company or require it to expend significant funds. There is also a risk that environmental and other laws and regulations may become more onerous, making it costlier for the Company to remain in compliance with such laws and regulations.

There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties on which the Company holds interests which are unknown to the Company at present and which have been caused by previous or existing owners or operators of the properties or by current or previous surface rights owners.

The Company cannot give any assurances that breaches of environmental laws (whether inadvertent or not) or environmental pollution will not materially and adversely affect its business, plans and financial condition. There is no assurance that any future changes to environmental regulation, if any, will not adversely affect the Company.

Significant liabilities exist on the project lands in the form of historic mine construction and development infrastructure, tailings dam(s), waste dump site, a mill site, a camp site, and other mining related infrastructure, disturbance, and equipment located on the property. The Company cannot guarantee that its estimation of the amount of these liabilities is accurate. The cost of addressing existing liabilities may be significantly higher than as currently estimated by the Company.

Influence of Third-Party Stakeholders

Some of the lands in which the Company holds an interest, or the exploration equipment and roads or other means of access which the Company intends to utilize in carrying out its work programs or general business activities, may be subject to interests or claims by third party individuals, groups or companies. In the event that such third parties assert any claims or do not consent to the Company carrying on activities on lands subject to their interests or claims, the Company's work programs may be delayed or prevented, even if such claims are not meritorious. Such claims or delays may result in significant financial loss and loss of opportunity for the Company.

The Company may need to enter into negotiations with landowners and other groups in local communities in British Columbia in order to conduct further exploration and development work on its properties. There is no assurance that future discussions and negotiations will result in agreements with landowners and other local community groups in British Columbia or if such agreements will be on terms acceptable to the Company so that the Company may continue to conduct exploration and development activities on these properties.

Term and Extension of Concession Contracts

Non-compliance with concession contracts may lead to their early termination by the relevant mining authorities or other governmental entities. A company whose concession contracts were subject to termination could be prevented from being issued new concessions or from keeping the concessions that it already held. The Company is not aware of any cause for termination or any investigation or procedure aimed at the termination of any of its concession contracts.

Management of Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operations and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth could have a material adverse impact on its business, plans, operations and prospects.

Governmental Regulation

The mineral exploration and development activities of the Company are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters in local areas of operation. Although the Company's exploration and development activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail exploration, development or production. Amendments to current laws and regulations governing the Company's operations, or more stringent implementation thereof, could have an adverse impact on the Company's business and financial condition.

The Company's operations may be subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining 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 that means standards are stricter, 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 their directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of the Company's future operations.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities that could cause operations to cease or be curtailed. Other enforcement actions may include corrective measures requiring capital expenditures, the installation of additional equipment or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of such mining activities and may have civil or criminal fines or penalties imposed upon them for violations of applicable laws or regulations.

Permitting

The operations of the Company require licenses and permits from various governmental authorities. The Company will use its best efforts to obtain all necessary licenses and permits to carry on the activities which it intends to conduct, and it intends to comply in all material respects with the terms of such licenses and permits. However, there can be no guarantee that the Company will be able to obtain and maintain, at all times, all necessary licenses and permits required to undertake its proposed exploration and development, or to place its properties into commercial production and to operate mining facilities thereon. In the event of commercial production, the cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations or preclude the economic development of the Company's properties.

With respect to environmental permitting, the development, construction, exploitation and operation of mines at the Company's projects may require the granting of environmental licenses and other environmental permits or concessions by the competent environmental authorities. Required environmental permits, licenses or concessions may take time and/or be difficult to obtain, and may not be issued on the terms required by the Company. Operating without the required environmental permits may result in the imposition of fines or penalties as well as criminal charges against the Company for violations of applicable laws or regulations.

Surface Rights

The Company does not own all of the surface rights at its properties and there is no assurance that surface rights owned by the government or third parties will be granted, nor that they will be on reasonable terms if granted. Failure to acquire surface rights may impact the Company's ability to access its properties, as well as its ability to commence and/or complete construction or production, any of which would have a material adverse effect on the profitability of the Company's future operations.

Risk of Litigation

The Company may become involved in disputes with other parties in the future which may result in litigation or other legal proceedings. The results of legal proceedings cannot be predicted with certainty. If the Company is unable to resolve these disputes favourably, it may have a material adverse impact on the ability of the Company to carry out its business plan.

Dependence on Key Personnel

The Company's future growth and its ability to develop depend, to a significant extent, on its ability to attract and retain highly qualified personnel. The Company relies on a limited number of key employees, consultants and members of senior management, and there is no assurance that the Company will be able to retain such personnel. The loss of one or more key employees, consultants or members of senior management, if such persons are not replaced, could have a material adverse effect on the Company's business, financial condition and prospects. The Company currently does not have key person insurance on these individuals.

To operate successfully and manage its potential future growth, the Company must attract and retain highly qualified engineering, managerial and financial personnel. The Company faces intense competition for qualified personnel in these areas, and there can be no certainty that the Company will be able to attract and retain qualified personnel. If the Company is unable to hire and retain additional qualified personnel in the future to develop its properties, its business, financial condition and operating results could be adversely affected.

Internal Controls

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, and not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

Uninsurable Risks

Exploration, development and production operations on mineral properties involve numerous risks, including but not limited to unexpected or unusual geological operating conditions, seismic activity, rock bursts, cave-ins, fires, floods, landslides, earthquakes and other environmental occurrences, risks relating to the shipment of precious metal concentrates or ore bars, and political and social instability, any of which could result in damage to, or destruction of, the mine and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although the Company believes that appropriate precautions to mitigate these risks are being taken, operations are subject to hazards such as equipment failure or failure of structures, which may result in environmental pollution and consequent liability. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks because of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate the Company's future profitability and result in increasing costs and a decline in the value of the common shares. The Company does not maintain insurance against title, political or environmental risks.

While the Company may obtain insurance against certain risks in such amounts as it considers adequate, the nature of these risks is such that liabilities could exceed policy limits or be excluded from coverage. The potential costs that could be associated with any liabilities not covered by insurance or in excess of insurance coverage may cause substantial delays and require significant capital outlays, thereby adversely affecting the Company's business and financial condition.

Global Financial Conditions

Current global financial conditions have been subject to increased volatility, and access to public financing, particularly for junior resource companies, has been negatively impacted. The extent and duration of impacts that the Coronavirus may have on commodity prices, on the Company's suppliers and employees and on global financial markets is not known at this time, but could be material. If increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted and the value and price of the common shares could be adversely affected. These factors may impact the ability of the Company to obtain equity or debt financing in the future and, if obtained, such financing may not be on terms favourable to the Company.

Information Systems Security Threats

The Company's operations depend upon information technology systems which may be subject to disruption, damage or failure from different sources, including, without limitation, installation of malicious software, computer viruses, security breaches, cyber-attacks and defects in design.

Although to date the Company has not experienced any losses relating to cyber attacks or other information security breaches, there can be no assurance that the Company will not incur such losses in the future. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access remain a priority. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Competition

The mineral exploration and mining business is competitive in all of its phases. In the search for and acquisition of attractive mineral properties, the Company competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources. The Company's ability to acquire properties in the future will depend on its ability to select and acquire suitable producing properties or prospects for mineral exploration. There is no assurance that the Company will continue to be able to compete successfully with its competitors in acquiring such properties or prospects, nor that it will be able to develop any market for the raw materials that may be produced from its properties. Any such inability could have a material adverse effect on the Company's business and financial condition.

Option and Joint Venture Agreements

The Company has and may continue to enter into option agreements and/or joint ventures as a means of gaining property interests and raising funds. Any failure of any partner to meet its obligations to the Company or other third parties, or any disputes with respect to third parties' respective rights and obligations, could have a negative impact on the Company. Pursuant to the terms of certain of the Company's existing option agreements, the Company is required to comply with exploration and community relations obligations, among others, any of which may adversely affect the Company's business, financial results and condition.

Under the terms of such option agreements the Company may be required to comply with applicable laws, which may require the payment of maintenance fees and corresponding royalties in the event of exploitation/production. The costs of complying with option agreements are difficult to predict with any degree of certainty; however, were the Company forced to suspend operations on any of its concessions or pay any material fees, royalties or taxes, it could result in a material adverse effect to the Company's business, financial results and condition.

The Company may be unable to exert direct influence over strategic decisions made in respect of properties that are subject to the terms of these agreements, and the result may be a materially adverse impact on the strategic value of the underlying concessions.

Acquisitions and Integration

From time to time, the Company may examine opportunities to acquire additional exploration and/or mining assets and businesses. Any acquisition that the Company may choose to complete may be of a significant size relative to the size of the Company, may change the nature or scale of the Company's business and activities, and may expose the Company to new geographic, political, operating, financial and geological risks. The Company's success in its acquisition activities, if any, depends upon its ability to obtain additional sources of financing, identify suitable acquisition candidates, negotiate acceptable terms for any such acquisition, and integrate any acquired operations successfully with those of the Company. Any acquisitions would be accompanied by risks. In the event that the Company chooses to raise debt capital to finance any such acquisitions, the Company's leverage will be increased. If the Company chooses to use equity as consideration for such acquisitions, existing shareholders may suffer significant dilution. There can be no assurance that the Company would be successful in obtaining additional sources of financing or in overcoming these risks or any other problems encountered in connection with such acquisitions.

Community Relationships

The Company's relationships with the communities in which it operates are critical to ensure the future success of its existing operations and the development of its projects.

There is no reason to believe at this time that there are, or will be, issues related to Indigenous land claims or objections locally. Indigenous engagement is a strong commitment of Talisker.

While the Company is committed to operating in a socially responsible manner and working towards entering into agreements in satisfaction of such requirements, there is no guarantee that its efforts will be successful, in which case interventions by third parties could have a material adverse effect on the Company's business, financial position and operations.

Conflicts of Interest

Certain directors and officers of the Company also serve as directors and/or officers of other companies involved in natural resource exploration, development and mining operations. Consequently, there exists the possibility for such directors and officers to be in a position of conflict. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company, and to disclose any interest they may have in any project or opportunity of the Company. In addition, each of the directors is required by law to declare his or her interest in and refrain from voting on any matter in which he or she may have a conflict of interest, in accordance with applicable laws.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supplies, as well as the location of population centres and pools of labour, are important determinants which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could impact the Company's ability to explore its properties, thereby adversely affecting its business and financial condition.

The Outstanding Common Shares Could be Subject to Dilution

The exercise of stock options and warrants already issued by the Company and the issuance of additional equity securities in the future could result in dilution in the equity interests of holders of common shares.

Commitments and Contingencies

Due to the size, complexity and nature of the Company's operations, various legal, tax, environmental and regulatory matters are outstanding from time to time. By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

Flow-Through Shares

As at December 31, 2019, the Company is committed to spending approximately $3,158,000 by December 31, 2020 in connection with its flow-through offerings (December 31, 2018 - $nil).

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company classifies its financial instruments carried at fair value according to a three level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The three levels of fair value hierarchy are as follows:

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

As at December 31, 2019 and December 31, 2018, cash and cash equivalents were recorded at fair value under level 1 within the fair value hierarchy.

As at December 31, 2019 and December 31, 2018, there were no significant concentrations of credit risk for cash and cash equivalents, marketable securities and receivables. The carrying amount reflected above represents the Company's maximum exposure to credit risk for such cash and cash equivalents, marketable securities and receivables.

The carrying value of cash and cash equivalents, marketable securities, amounts receivable, current portion of long term receivable, reclamation deposits, accounts payable and accrued liabilities and leases payable approximate fair value because of the limited terms of these instruments.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below. There have been no changes in the risks, objectives, policies and procedures from the previous reporting period.

Credit Risk

The Company's credit risk is primarily attributable to cash and cash equivalents,marketable securities and receivables. Management believes that the credit risk concentration with respect to these financial instruments is minimal.

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to capital markets is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. As at December 31, 2019, the Company had a cash and cash equivalents balance of $9,702,490 (December 31, 2018 - $946,611) as well as marketable securities of $nil (December 31, 2018 - $2,526,633) to settle current liabilities of $1,545,971 (December 31, 2018 - $631,626). Working capital for the Company as at December 31, 2019 was $8,603,385 (December 31, 2018 - $4,165,835).

The maturity profiles of the Company's contractual obligations and commitments as at December 31, 2019, are summarized as follows:

	Total	Less than 1 Year	1 to 5 Years	More than 5 Years
Accounts payable and accrued liabilities	$1,323,399	$1,323,399	$ -	$ -
Lease obligations	239,024	109,066	129,958	-
Equipment loans	130,298	130,298	-	-
Provision for site reclamation and closure	15,351,956	-	-	15,351,956
Total	$17,044,677	$1,562,763	$ 129,958	$15,351,956

Market Risk

(a) Foreign currency risk

The Company's reporting currency is the Canadian dollar. The functional currency of the Company is the Canadian dollar.

Based on the foreign currency balances at December 31, 2019, a 10% change in foreign exchange rates between the Canadian dollar and these foreign currencies over the next year would affect net income by approximately $1,000. This analysis only addresses the impact on financial instruments with respect to currency movement and excludes other economic or geo-political implications of such currency fluctuation. In practice, actual results will likely differ from this analysis and the difference may be material.

The exposure of the Company's financial assets, including marketable securities as at December 31, 2019 is as follows:

	CDN Dollar	US Dollar	Total (in CDN dollars)
Financial assets			
Cash and cash equivalents	$ 9,692,477	10,013	$ 9,702,490
Amounts receivable	305,077	-	305,077
Reclamation deposits	75,437	-	75,437
	$ 10,072,991	$ 10,013	$ 10,083,004
Financial liabilities			
Accounts payable and accrued liabilities	$ 1,312,431	$ 10,968	$ 1,323,399
Equipment loans payable	127,279	-	127,279
Leases payable	216,213	-	216,213
	$ 1,655,923	$ 10,968	$ 1,666,891

(b) Commodities price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, particularly as they relate to gold and silver to determine the appropriate course of action to be taken by the Company.

(c) Political risk

The Company has no exposure to political instability.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Adoption New Accounting Standards

The adoption of the following new standards, interpretations and amendments where included in the financial statements for the year beginning January 1, 2019.

IFRS 16 Leases ("IFRS 16"), was issued in January 2016 and it replaces IAS 17 Leases. IFRS 16 requires entities to recognize lease assets and lease obligations on the balance sheet. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead leases are "capitalized" by recognizing the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment. If lease payments are made over time, a company also recognizes a financial liability representing its obligations to make future lease payments. IFRS 16 is effective for fiscal periods beginning on or after January 1, 2019.

The Company does not have any leases in place, as such, there was no impact on adoption of the standard.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for all information contained in this report. The consolidated financial statements have been prepared in accordance with IFRS and include amounts based on management's informed judgments and estimates. The financial and operating information included in this MD&A is consistent with that contained in the consolidated financial statements in all material aspects.

Management maintains internal controls to provide reasonable assurance that financial information is reliable and accurate and assets are safeguarded. The Audit Committee has reviewed the consolidated financial statements with management. The Board of Directors has approved the consolidated financial statements on the recommendation of the Audit Committee.