



## STRIKEPOINT GOLD INC.

### Management's Discussion and Analysis

Year Ended December 31, 2018

This management's discussion and analysis ("MD&A") reviews the significant activities of Strikepoint Gold Inc. ("Strikepoint" or the "Company") and compares the financial results for the year ended December 31, 2018. This MD&A should be read in conjunction with the audited annual consolidated financial statements for the year ended December 31, 2018 of StrikePoint Gold Inc. ("StrikePoint" or the "Company") with the related notes thereto, which are available on the SEDAR website at [www.sedar.com](http://www.sedar.com).

All financial information in this document is prepared in accordance with International Financial Reporting Standards ("IFRS") and presented in Canadian dollars unless otherwise indicated.

The effective date of this MD&A is April 30, 2019.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including that within the Company's financial statements and MD&A, is complete and reliable.

This discussion contains forward-looking statements that involve risks and uncertainties. Such information, although considered to be accurate and actual results may differ materially from those anticipated in the statements made. Additional information on the Company is available for viewing on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.strikepointgold.com](http://www.strikepointgold.com).

### CORPORATE SUMMARY

StrikePoint Gold Inc. is an exploration-stage Company engaged in the acquisition, exploration and development of mineral properties of merit in Canada with the aim of developing them to a stage where they can be exploited at a profit or arranging joint ventures whereby other companies provide funding for development and exploitation.

The Company's head office is located at Suite 507- 837 W Hastings St. Vancouver, BC V6C 3N6.

The Company trades on the TSX Venture under the trading symbol "SKP". In May 2017, the Company began trading in the United States on the OTCQB under the symbol "STKXF".

### **Private Placements**

In April 2019, the Company completed a private placement for gross proceeds of \$1,271,920 consisting of 11,562,908 common share units at \$0.20 per unit. Each unit was comprised of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of \$0.20 per share for a two-year period. Finder's fee payable in connection with the financing consisted of \$57,077 cash and 518,880 finder's warrants which are exercisable on the same terms as the unit warrants.

In July 2018, the Company completed a private placement for gross proceeds of \$510,000 consisting of 2,550,000 common share units at \$0.20 per unit. Each unit was comprised of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of \$0.30 per share for a two-year period. There was no finder's fee payable in conjunction with this private placement.

In April 2018, the Company completed a private placement for gross proceeds of \$830,000 consisting of 4,150,000 common share units at \$0.20 per unit. Each unit was comprised of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of \$0.40 per share for a two-year period. Finder's fee payable in connection with the financing consisted of \$52,500 cash and 262,500 finder's warrants.

### **Property Acquisition – British Columbia Properties**

#### **Porter Idaho**

During August 2018, (and amended February 11, 2019), the Company completed the acquisition of the Porter Idaho property, near Stewart, British Columbia, from Skeena Resources Limited (TSXV: SKE) ("Skeena") (the "Porter Idaho Transaction"), whereby the Company will purchase the property indirectly through the acquisition of all of the shares of Mount Rainey Silver Inc., a wholly-owned subsidiary of Skeena.

The terms of the Transaction were as follows:

- \$1,500,000 payable in cash to Skeena (\$250,000 was paid on completion of the Porter Idaho Transaction with \$1,250,000 to be paid over the ensuing period ending December 31, 2019 (\$500,000 paid subsequent to December 31, 2018), with the final \$750,000 to be paid in cash or in the equivalent value of common shares or special warrants of the Company, at the Company's election);
- issuance to Skeena of 7,100,000 Strikepoint common shares (issued August 15, 2018) ;
- issuance to Skeena of 2,400,000 special warrants of Strikepoint (issued August 15, 2018). The special warrants have a five-year term. Each special warrant will be convertible into one common share of the Company for no additional consideration at such time that Skeena elects to convert.
- grant of 1% NSR on the property with the option to buy back 0.5% at a price of \$750,000.

Until such time as the purchase price has been paid in full, if the Company completes an equity or debt financing, the Company must pay to Skeena 50% of the net proceeds from a financing if the proceeds are less than \$1 million and 100% of the net proceeds if the proceeds exceeds \$1 million, not to exceed any remaining purchase price obligation.

The Porter Idaho Property contains two shear hosted silver-rich vein systems: the Silverado and Prosperity-Porter Idaho. The showings are 2 kilometers apart, located on opposite sides of Mt. Rainey, overlooking the town of Stewart. The Project is strategically located at the head of the Portland Canal, a deep-water port with year-round, ice-free access.

Since the initial discovery of silver mineralization on Mt. Rainey in the early 1900's, most of the work was focused on the Prosperity-Porter Idaho veins, where mineralization is hosted in six dipping parallel shear zones tracked on surface for 200 meters and one kilometer down dip with widths between 2 and 13 meters. The vein system was mined between 1929 and 1931 and produced 27,123 tonnes with recovered grades of 2,542 grams per tonne ("g/t" \_ silver (73.8 oz/ton) and 1 g/t gold (yielding approximately 2.2 million ounces of silver). The ore was shipped to the port at Stewart via aerial tramway.

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The Porter Idaho Project contains an historical Indicated Resource of 394,700 tonnes grading 868 g/t silver, 3.37% lead and 1.41% zinc (435,000 tons @ 25.2 oz/ton silver or a contained 11 million ounces) and an Inferred Resource of 88,900 tonnes grading 595 g/t silver (97,900 tons @ 17.3 oz/ton silver or a contained 1.7 million ounces).

Porter Idaho Project Historical Resource Estimate			
@ 170 g/t Ag cut-off		Avg. Grades	Contained Metal
Category	Tonnes	Ag (g/t)	Ag (oz)
<b>Indicated</b>	394,700	868	11,000,000
<b>Inferred</b>	88,900	595	1,700,000

Estimates of mineral resources are dated March 10, 2008 and were prepared by independent consulting geologist N.C. Carter, Ph.D., P. Eng. for Raimount Energy Inc. and re-stated for Mount Rainey Silver Inc. on May 15, 2012. The foregoing estimates made use of an extensive database detailing results of both underground sampling programs as well as surface and underground diamond drilling and were prepared pursuant to CIM Standards on Mineral Resources and Reserves. Nevertheless, the reader is cautioned that a Qualified Person on behalf of StrikePoint has not done sufficient work to verify either the underlying sampling data or the calculation methodology to consider this to be a current resource and as a result, StrikePoint is treating this mineral resource as an Historical Estimate, as defined in National Instrument 43-101. StrikePoint has not yet determined what work needs to be completed in order to upgrade or verify the Historical Estimate.

The property has a three-year exploration permit in place which, upon completion of an environmental assessment, allows for exploration work on the site, including surface mapping, sampling and diamond drilling. The permit also allowed for the establishment of a 15-person exploration camp on the property.

#### Willoughby Property

Subsequent to December 31, 2018, the Company acquired a 100% interest in the Willoughby property, situated approximately 30 kilometres east of Stewart, B.C., and 20 kilometres northeast of Strikepoint's Porter property, from Sojourn Exploration Inc. ("Sojourn"), a Canadian public company, for a cash payment of \$85,000 (paid) and the issuance of 3,000,000 common shares. Sojourn will retain a 1.5% net smelter return, which can be reduced by 0.50% for an additional \$1,000,000 cash payment.

The acquisition of the Willoughby property complements the Porter project and other ground staked in 2018 by strengthening the known mineral inventory and providing significant exploration upside all within a localized and accessible area of British Columbia. The Willoughby property provides an opportunity for exploration without significantly expanding established camp infrastructure or other overhead costs.

#### 2018 Field Program – British Columbia Projects

Drilling commenced at the Porter project on Aug. 16, 2018, and concluded on Sept. 22, 2018. A total of 4,304 metres of diamond core were retrieved using two rigs, with one focused on Porter (southern flank of Mount Rainey) and the second testing the northern Silverado veins. Twenty-five holes were completed during the campaign, with 22 from Porter and three at Silverado.

Drilling had four primary objectives to test the viability of the Porter project:

- To test the grades encountered historically and therefore used in the 2012 resource calculation (specifically the D vein and Prosperity vein);
- Test for mineralization at depth along several undrilled veins on the Porter side of Mount Rainey (Blind, Wake and Angelo veins);

- Completion of holes to explore the possible extension of the Silverado veins and their relationship to the system at Porter, two kilometres away;
- To collect geological information in order to start building a geological model of the mountain and the mineralized systems.

Highlights from the 2018 field season include the following:

- Establishment of a permanent 20-person camp on site;
- Addition of the Handsome Jack, Big, Bada and Boom claims to incorporate new potential targets being exposed by retreating ice and become a major landholder in the Stewart area. Increasing the exploration area from the original eight square kilometres to 33 square kilometres;
- Hole PIP18-010 intersecting five metres silver at 819 g/t between 68 m and 73 m depth along the D vein at Porter;
- Other highlights including one metre at 2,241 g/t tonne silver in PIP18-012 along the Blind vein and two metres at 637 g/t silver;
- PIP18-014 intersecting 0.5 metre at 2,506 g/t which appears to be a previously untested lower continuation of the D vein;
- Intercepts along the Blind vein were significant as this structure was not included in the 2012 resource calculation, yet it lies between the D and prosperity veins (both used in the historical resource);
- Drilling has upheld the grades used in the historical resource calculation and gives further confidence in the 13-million-ounce silver reserve numbers;
- For the first time in the history of exploration at this site, entire lengths of core assayed and as such has demonstrated extensive lower-grade mineralization in smaller, sympathetic structures paralleling the main veins;
- Drilling has highlighted mineralization along other structures outside of the historical resource area and decreased the gap between the Porter and Silverado mines, showing potential for continuity under the peak of Mount Rainey.
- Acquisition of hyperspectral imagery and other data to help build a geological model and generate new targets to support and expand mineral resources.

Refer to the Company's news release dated January 9, 2019 for the full results for the 2018 drilling campaign.

The Golden Triangle is an area of northwestern British Columbia that has seen extensive historic mining and prospecting activity, and has recently been the site of modern discoveries, including the Premier Gold, Snip and Eskay Creek Mines. The area has seen a resurgence in infrastructure investment which supports exploration activities, including upgraded transmission lines supplying clean, affordable and reliable hydroelectric power. Other recent improvements include highway upgrades, new ocean port infrastructure at the ice-free port of Stewart and the commissioning of three hydroelectric facilities.

### **Handsome Jack**

During August 2018, the Company completed an acquisition agreement with Trifecta Gold Ltd. (TSXV: TG) ("Trifecta") to purchase the Handsome Jack property, adjacent to the Porter Idaho property, near Stewart, British Columbia (the "Transaction"). The terms of the Transaction were as follows:

- \$25,000 payable in cash to Trifecta (paid on closing of the Transaction);
- issuance to Trifecta of 250,000 Strikepoint common shares (issued on closing of the Transaction); and
- grant of 1% NSR on the property with the option to buy back 0.5% at a price of \$500,000.

The Handsome Jack property forms a contiguous land package adjacent to the eastern border of the recently acquired Porter Idaho property. The main known feature within the property is the Melvin adit which was last worked in the 1920s and is assumed to intersect the northerly strike extension of the Angelo vein within the Porter Idaho property. Ore from this adit returned up to 4,286 g/t silver during its production, but outside of this exploration work has been cursory. Both the Melvin and Angelo veins are visible at surface, but the area between them was historically obscured by ice and so the apparent alignment has never been prospected in the field.

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Additionally, a two-day program in 1991 identified a 300-metre by 200-metre gossanous zone with anomalous silver, lead and zinc referred to as the GEE2 showing. Commercially available aerial imagery shows additional gossanous areas of interest within the Handsome Jack property that have never been explored, largely due to the extensive ice coverage that existed up until the last decade.

This was a strategic acquisition for the Company as it allows for expansive exploration of the area, including prospective parallel systems to Prosperity-Porter as well as the supposed connections with the Silverado mine.

**Big, Bada and Boom**

During September, 2018, the Company acquired, by staking, the Big, Bada and Boom properties contiguous to its Porter Idaho and Handsome Jack properties near Stewart, BC. Staking costs totaled \$2,547.

These new blocks of claims total 20.5 square kilometres and bring the entire property to 33 square kilometres. Acquiring this additional property also gives Strikepoint access to all the major exposures of rocks around the periphery of this section of the Cambria icefield. Ice cover in this area has reduced by 30 to 40 per cent since the 1980s, and so many of these exposures have never been prospected.

**Yukon Properties**

In January 2017, the Company entered into a Definitive Agreement (“Agreement”) with IDM Mining Ltd. (“IDM”) to acquire its portfolio of Yukon properties. In March 2017, the Company completed the purchase of the Yukon properties. As consideration, the Company paid \$150,000 in cash, issued 10,500,000 common shares and granted IDM an equity participation right, allowing IDM to maintain its pro-rata interest in the Company and a right of first refusal for two years on the sale of any of the Yukon properties. These properties are subject to certain other underlying royalties.

The Yukon portfolio consists of 14,031 claims covering 22 properties in 46 claim groups totalling 282,000 hectares and are grouped together under the following sections:

- Pluto
- Golden Oly
- Mahtin
- Kluane
- Dawson
- Ross River

The Yukon properties cover multiple tectonic and metallogenic environments as well as a variety of mineral deposit styles common in Yukon. The properties were previously held by Ryan Gold Corp. (“Ryan Gold”) and its subsidiaries, and received significant exploration work, with approximately \$25 million (as disclosed in Ryan Gold’s 2014 year end MD&A) in expenditures incurred. The properties have limited holding costs. Previous work by Ryan Gold included significant exploration drill programs on two of the properties, with tens of thousands of rock and soil samples collected during grass-roots exploration programs in several districts throughout Yukon. Additionally, geophysical surveys and geologic mapping programs have outlined many anomalous areas that have not received follow-up work.

The company filed a National Instrument 43-101 technical report on the Mahtin property, Yukon, on SEDAR on March 15, 2017.

In the later part of 2018, the Company was awarded Class 3 Exploration Permit for each of the Golden-Oly, PPM and Pluto property. Along with the Mahtin property in the Mayo region all major exploration targets within the Yukon portfolio now hold five year exploration permits for work.

### **Golden-Oly**

Golden-Oly is a large assemblage of claims, measuring 45 by 30 kilometres in size and has six targets identified through an aerial geophysical program conducted in 2012. It lays along the North Canol Road and is close to the border with the Northwest Territories. Traditionally, this area has been explored with a focus more on tungsten and zinc, but from the work undertaken across the project, there are several gold targets.

During the summer of 2017, the Company completed extensive mapping and sampling (76 grab samples) focus was on Colossus target, one of the seven targets highlighted in 2012 on the Golden-Oly and PPM properties. During 2018, twenty-two grab from the 600-meter long Helio Vein, a 0.3 metre wide polymetallic quartz vein discovered in 2018, returned grades 1 to 3.75 g/t gold, trace to 1,150 g/t silver and one sample at 2.94% copper. Diamond drilling in 2018 at Colossus included 682 meters in three holes. The original program was to include a fence of nine holes across the intrusion to test mineralization across the margins and within the granodioritic body itself was but was cut short due to administrative delays in permitting from Yukon Government. The Company has now received the necessary permits for completion of the test fence at Colossus,

### **PDM**

The PDM property has had a history of exploration going back to 1967, although most of this has been basic soils and mapping with little consistency. Strategic Metals held the property between 2007 and 2008 and undertook a diamond drilling program, but it appears that each of the three holes missed the target area. The current land package is also more extensive than held in the past, so the additional data collected across a larger area have assisted in a broader understanding of the potential.

During the summer of 2017, the Company completed extensive mapping and sampling focused in the centre of the property around the Spearhead showing, identified by the Yukon Geological Survey. A total of 159 grab samples were collected from the areas, mainly from obviously mineralized zones, but also from farther out to gather additional geochemical data.

Highlights from the 2017 field program include the following:

- Surface grab samples at PDM returned grades of up to 9.8 grams per tonne gold, 2.8 per cent copper and 245 g/t silver.
- Samples collected from area of sheeted veins within intrusive material with visible copper mineralization, including native copper.
- Sheeted veins observed occurring throughout an area of 350 m by 350 m, with a maximum density of 30 veins over a 10 m natural exposure.
- Geological observations at PDM tie in to an overall structural trend that stretches for 78 km and incorporates the Golden-Oly and Nordic properties, termed the Seven Wonders trend.
- New model will help focus future targeting within a large project area.

Additional surface work was completed in 2018 to expand on the results from 2017. A total of 96 surface samples were collected during the season, with results from trace to 3.39 g/t gold, trace to 94.5 g/t silver and trace to 2.67% copper. The combined 2017 and 2018 results highlight a strong copper-gold anomaly that is 500 meters by 500 meters in size, accompanied by intermittently mineralized veins projecting several kilometers out into the country rock.

### **Pluto**

The Pluto property is in the Kluane region and is one of the largest in this portfolio, approximately 40 by 30 kilometres in size. Pluto sits relatively close to the latest discoveries in the White Gold district and is aligned along strike with this group of projects, including Goldcorp's Coffee project, which was acquired from Kaminak for \$520-million, and Kinross's White Gold project, which was acquired from Underworld for \$140-million. Initial analysis of the geology seems to show a unique mineralizing system for the area, the formation of skarns in contact with large, regional ring dike volcanic features.

The presence of a shallowly dipping limestone unit in the local lithology has become a focus for mineralization when intercepted by dikes of rhyolitic/dacitic material. The skarns subsequently produce anomalous gold-in-soil

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results where they outcrop in the sides of the valleys, which indicate that there is volume potential of the mineralization, a hypothesis that was drill tested in 2017.

### **Quality assurance/quality control**

The Company maintains a rigorous QA/QC program with respect to the preparation, shipping, analysis and checking of all samples and data from the properties. Quality control for field sampling and drill samples at the Company's projects covers the complete chain of custody of samples, including sample handling procedures and analytical-related work, plus the insertion of standard and blank materials. The QA/QC program also includes data verification procedures. ALS Laboratories in Vancouver, Canada (ISO 17025:2005 accreditation), assayed all grab samples from the current field program using fire assay and ICP mass spectroscopy methods. Drill samples were processed by Bureau Veritas Labs in Vancouver, Canada (ISO 9001:2008 accreditation).

### **Qualified Person**

The technical information for the Company's Yukon and British Columbia properties included in this MD&A has been approved by Andy Randell, P. Geo. Mr. Randell is Strikepoint's former Vice-President-Exploration and is a qualified person as defined in National Instrument 43-101 Standards of Disclosure for Mineral Properties.

### **Lobstick Property – Ontario**

On November 26, 2013, the Company entered into an option agreement with an unrelated individual (the "Optionor") whereby the Optionor granted the Company the option to acquire a 100% undivided right, title and interest in the optioned property (the "Lobstick Property") located in the Lobstick area near Lake of the Woods, Ontario.

During the year ended December 31, 2018, the Company incurred \$4,600 (2017 - \$27,110) of geological consulting expenditures on the Lobstick Property.

The Company earned its 100% interest in the Lobstick Property during December 2017.

Following the exercise of the option, the Company must pay and issue to the Optionor:

- \$50,000 plus 100,000 common shares of the Company within 30 days of filing a technical report under National Instrument 43-101 demonstrating mineral resources on any part of the Lobstick Property;
- \$50,000 plus 100,000 common shares of the Company within 30 days of filing a positive, bankable feasibility study (as defined under National Instrument 43-101) with respect to any part of the Lobstick Property; and
- A 3% net smelter return royalty with respect to the Lobstick Property upon commencement of commercial production, for which the Company may repurchase two-thirds of the 3% net smelter return royalty from the Optionor for \$1,000,000 for each one-third repurchased.

### **Angelina Property – Manitoba**

The Company owns a 100% interest in the Angelina property. The property is on care and maintenance and no expenditures were incurred during the years ended December 31, 2018 and 2017.

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**SELECTED ANNUAL INFORMATION**

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	2018	2017	2016
Total assets	\$ 609,207	\$ 5,561,240	\$ 970,653
Working capital	322,993	5,343,871	927,260
Loss and comprehensive			
loss for the year	(8,199,919)	(8,374,206)	(1,076,292)
Loss per share	(0.12)	(0.16)	(0.05)

**RESULTS OF OPERATIONS**

During the year ended December 31, 2018 (the "current year"), the Company incurred a loss of \$8,199,919 compared to a loss of \$8,374,206 during the year ended December 31, 2017 (the "comparative year"). The significant variances between the current year and the comparative year are as follows:

*Exploration costs*

During the current year, the Company incurred \$5,088,851 of exploration expenditures, primarily comprised of \$43,842 for claim renewal fees, \$1,102,315 for drilling and assaying costs, \$1,876,126 for field costs, \$772,138 for geological services, \$1,291,423 for helicopter and fuel costs as well as \$3,007 for report writing. These expenditures, together with property acquisition costs totalling \$1,837,500, accounted for \$6,926,351 of the total \$8,199,919 loss for the current year.

During the comparative year, the Company incurred \$2,309,063 of exploration expenditures on the Yukon claims, primarily comprised of \$190,470 for claim renewal fees, \$806,872 for drilling costs, \$441,553 for field costs, \$206,847 for geological services, \$625,499 for helicopter and fuel costs, and \$37,822 for report writing as well as \$27,110 for geological consulting fees relating to the Lobstick property. These expenditures, together with property acquisition costs totalling \$4,192,500, accounted for \$6,403,673 of the total \$8,374,206 loss for the comparative year.

*Property acquisition costs*

During the current year, the Company paid \$250,000, issued 7,100,000 common shares with a value of \$1,136,000 and issued 2,400,000 special warrants with a value of \$384,000 pursuant to the acquisition of the Porter Idaho property. In addition, the Company paid \$25,000 and issued 250,000 common shares with a value of \$42,500 pursuant to the acquisition of the Handsome Jack property. (Refer to British Columbia Properties section above)

During the comparative year, the Company paid \$150,000 and issued 10,500,000 common shares with a value of \$4,042,500 pursuant to the acquisition of the Yukon property (Refer to Yukon Properties section above).

*Option payments*

During the comparative year, the Company paid \$15,000 and issued 10,000 common shares valued at \$1,900 pursuant to the Lobstick option agreement.

*Share-based payments*

Share-based payments expense of \$337,652 recorded during the current year relates to 2,000,000 stock options granted during the current year.

Share-based payments expense of \$1,159,601 for the comparative year relates to 4,230,000 stock options granted during the comparative year.

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*Fair value adjustment on investments*

During the comparative year, the Company recorded an unrealized loss of \$26,203 on the fair value adjustment of its investments in CORE.

*Loss on sale of investments*

During the comparative year, the Company recorded a loss on sale of its investments of \$397,892, from the sale of its CORE shares.

*Gain on sale of Black Raven property*

During the comparative year, the Company sold its Black Raven property to CORE, which resulted in a gain on sale of \$622,925.

**Liquidity and Capital Resources**

As at December 31, 2018, the Company had current assets of \$598,050 (2017 - \$5,558,694) (which included cash and equivalents of \$533,703 (2017 - \$5,379,383), total assets of \$609,207 (2017 - \$5,561,240) and total liabilities of \$275,057 (2017 - \$214,823). As at December 31, 2018, the Company had no long-term debt outstanding. There are no known trends in the Company's liquidity or capital resources.

The Company has financed its operations to date primarily through the sale of mineral properties, issuance of common shares, and exercise of stock options and share purchase warrants. The Company continues to seek capital through various means including the issuance of equity and/or debt.

The Company has not paid any dividends on its common shares. The Company has no present intention of paying dividends on its common shares, as it anticipates that all available funds will be invested to finance the growth of its business.

Subsequent to December 31, 2018, the Company issued 11,562,908 units for proceeds totalling \$1,271,920 in conjunction with the closing of a non-brokered private placement. (See Private Placements section above).

The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and/or commence profitable operations in the future.

**Summary of Quarterly Results**

Three months ended (\$)	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2	2018 Q3	2018 Q4
Loss	(4,697,990)	(1,828,689)	(1,297,843)	(549,684)	(412,478)	(1,184,782)	(5,712,982)	(889,677)
Loss per share	(0.10)	(0.03)	(0.02)	(0.01)	(0.01)	(0.02)	(0.08)	(0.01)

**Fluctuations in quarterly results**

- Loss for the Q1 2017 period is comprised of \$4,192,500 of property acquisition payments and \$278,337 of exploration costs as well as \$37,500 of management fees, \$47,290 of share-based payments expense with the balance of \$142,363 pertaining to general operation expenses.
- Loss for the Q2 2017 period is mainly comprised of \$965,607 for exploration costs, \$1,051,215 for share-based payments, \$232,729 fair value loss on investments, offset by the gain on sale of the Black Raven property of \$653,703.
- Loss for the Q3 2017 period is mainly comprised of \$876,168 for exploration costs, \$61,096 for share-based payments and \$93,750 fair value loss on investments.
- Loss for the Q4 2017 period is mainly comprised of \$397,892 for the realized loss on the sale of investments.

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- Loss for the Q1 2018 period is mainly comprised of \$261,724 for exploration costs.
- Loss for the Q2 2018 period is mainly comprised of \$983,682 for exploration costs.
- Loss for the Q3 2018 period is mainly comprised of \$3,194,481 for exploration costs, \$1,837,500 for property acquisition payments, and \$337,652 for share-based payments.
- Loss for the Q4 2018 period totalled \$889,677 and is mainly comprised of \$648,964 for exploration costs as well as operating costs, which were consistent with previous quarters within fiscal 2018, totalling \$240,713.

### **Commitments**

The Company is required to incur exploration expenditures on its mineral claims to meet the conditions of holding its mineral rights and keep the mineral leases in good standing. Each provincial jurisdiction imposes expenditure requirements which vary from province to province and from year to year.

The Company has incurred sufficient exploration expenditures on the Angelina property to maintain the claims in good standing for the next 4 years and, as a result, there are no related commitments for this property over the next 4 years.

The Company is required to incur annual work commitments of \$12,000 per year (incurred during 2018) on the Lobstick property to maintain the claims in good standing.

The Company is required to incur cash payments totalling \$1,250,000 over the ensuing period ending December 31, 2019 in conjunction with the acquisition of the Porter Idaho property (see Property Acquisition – Porter Idaho section above).

### **Transactions with Related Parties**

During the year ended December 31, 2018, the Company entered into the following transactions with related parties:

- a) Paid or accrued management fees of \$180,000 (2017 - \$180,000) to the CEO of the Company.
- b) Paid or accrued professional fees of \$78,000 (2017 - \$67,000) to iO Corporate Services Ltd., a company controlled by the Corporate Secretary of the Company and related to the Company's CFO.
- c) Paid or accrued consulting fees of \$36,000 (2017 - \$27,000) to a company controlled by a director of the Company, consulting fees of \$Nil (2017 - \$16,000) to a company controlled by a former director of the Company, and \$30,000 (2017 - \$14,000) to directors of the Company
- d) Paid or accrued geological consulting fees of \$998,804 (2017 - \$551,713) to a company controlled by the Company's former vice-president of exploration.
- e) Recorded share-based payment expense of \$320,769 (2017 - \$663,880) in conjunction with the granting of stock options to directors and officers of the Company.

Key management personnel compensation disclosed above (including senior officers and certain directors of the Company):

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	December 31, 2018	December 31, 2017
Short-term benefits	\$ 1,322,804	\$ 855,713
Share-based payments	320,769	663,880

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## **Adoption of new accounting standard**

### *IFRS 9*

On January 1, 2018, the Company adopted IFRS 9 – *Financial Instruments*, which replaces IAS 39 *Financial Instruments – Recognition and Measurement*. The new standard provides guidance that is based on the Company's business model for managing its financial instruments, which includes the purpose for which the financial instruments were acquired as well as their contractual cash flow characteristics.

IFRS 9 retains, but simplifies, the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income ("FVTOCI"), and fair value through profit or loss ("FVTPL"). It also includes a new expected credit loss model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own-credit risk in other comprehensive income for any liabilities designated as FVTPL.

Determination of the classification of financial instruments is made at initial recognition and reclassifications are made only upon the Company changing its business model for managing its financial instruments. Financial assets are derecognized when they mature or are sold, and substantially all of the risks and rewards of ownership have been transferred. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, upon initial recognition the Company can make a one-time irrevocable election to designate them as FVTOCI.

Upon adoption of IFRS 9 on a retrospective basis, the Company maintained its accounting policy for investments as FVTPL. Therefore, there was no impact on the carrying values or equity as at January 1, 2018 and no measurement differences due to adopting the new standard. Accordingly, the Company was not required to retroactively restate the comparative periods or to make an adjustment to deficit or accumulated other comprehensive income at January 1, 2018. As a result of adopting IFRS 9, the Company's accounting policy for financial instruments has been modified to include the following:

### *Financial assets*

#### *FVTPL*

Financial assets classified as FVTPL are initially recognized at fair value with transaction costs being expensed in the period incurred. Realized gains and losses recognized upon de-recognition and unrealized gains and losses arising from changes in the fair value of the financial assets are included in profit or loss in the period in which they arise.

#### *FVTOCI*

Investments in equity instruments classified as FVTOCI are initially recognized at fair value plus transaction costs. Unrealized gains and losses arising from changes in fair value are recognized in other comprehensive income with no subsequent reclassification to profit or loss upon de-recognition. Realized gains and losses recognized upon de-recognition remain within accumulated other comprehensive income.

#### *Amortized cost*

A financial asset is measured at amortized cost if the objective of the Company's business model is to hold the instrument for the collection of contractual cash flows, which are comprised solely of payments of principal and interest. Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. Impairment losses are included in profit or loss in the period the impairment is recognized.

### *Financial liabilities*

The Company's financial liabilities include accounts payable and accrued liabilities and are measured at amortized cost.

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The Company completed an assessment of its financial instruments as at January 1, 2018. The following table summarizes the original classification under IAS 39 and the new classification under IFRS 9:

	IAS 39	IFRS 9
Cash and cash equivalents	FVTPL	FVTPL
Receivables	Amortized cost	Amortized cost
Accounts payable	Amortized cost	Amortized cost

Financial instruments measured at fair value are classified into one of the three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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

### **Contingencies**

The Company has no contingencies as at the date of this MD&A.

### **Off Balance Sheet Arrangements**

The Company has no off Balance Sheet arrangements as at the date of this MD&A.

### **Proposed Transactions**

The Company has not entered into any undisclosed proposed transactions as at the date of this MD&A.

### **Investor Relations**

The Company has no investor relations contracts as at the date of this MD&A.

### **CURRENT DATA SHARE**

Subsequent to December 31, 2018, the Company granted stock options enabling the holder to acquire up to 1,500,000 common shares of the Company at a price of \$0.14 per share, expiring April 9, 2024.

As of April 30, 2019, the Company has:

- a) 88,648,300 common shares issued and outstanding;
- b) 7,705,000 stock options outstanding with exercise prices between \$0.14 and \$0.43, expiring between April 26, 2021 and April 9, 2024; and
- c) 26,361,638 share purchase warrants with exercise prices between \$0.20 and \$0.50, expiring between May 1, 2019 and July 23, 2020. In addition, on August 15, 2018, the Company issued 2,400,000 special warrants to Skeena (see Property Acquisition – Porter Idaho section above). These special warrants have a five-year term with each special warrant being convertible into one common share of the Company for no additional consideration at such time that Skeena elects to convert.

### **INDUSTRY AND OPERATIONAL RISKS**

The Company is subject to a number of risks and uncertainties, the more significant of which are discussed below. Additional risks and uncertainties not presently known to the Company may impact the Company's financial results in the future.

#### Financing Risks

Being a junior mining exploration company in Canada and in the exploration business means that the Company must raise the necessary financings for future exploration. Those financings depend to a large degree on commodity price trends, general investment sentiment for companies in the sector and the ability of the Company's ability to find and confirm the existence of minerals in sufficient quantities and qualities on its exploration lands. Management is of the view that these risks faced by the Company are not greater than those risk encountered by its peers in Canada.

The Company will require additional financing to conduct exploration on its mineral properties and to fund General and Administration costs. There is no assurance that the Company will be able to raise the required financing through equity financings, debt financings, divestment of its properties or joint venture arrangements. A lack of financing in the future could cause the Company to reduce or postpone exploration spending, reduce exploration and corporate personnel, reduce the size of its mineral property ownership and create going concern issues for the Company.

#### General Economic Risks

As the Company continues to focus on its exploration in Canada, the operations will be subject to economic, political and social risks inherent in doing business in Canada. The risks come from matters based on policies of the government, economic conditions, changes in tax regime, changes in regulation, foreign exchange fluctuations and other factors that may change in the future.

#### Environmental Risks

All phases of the Company's operations are subject to environmental regulations and potentially social licensing in the jurisdictions it operates in. World-wide environmental regulation is changing to require stricter standards and enforcement, increased fines for non-compliance, more assessment for projects, and a heightened degree of responsibility for companies and their officers, directors, employees and consultants. Although the company believes that it has taken the proper steps to protect the environment related to its operations, there is no assurance that future changes in environmental regulation in Canada will not adversely affect the Company's operations or result in substantial costs and liabilities in the future.

#### Aboriginal Claims Risks

Aboriginal peoples have claimed aboriginal title and rights to portions of Canada. The Company is not aware that any claims have been made in respect of its properties and assets; however, if a claim arose and was successful, such claim may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

#### **Forward-looking statements**

Certain information set forth in this MD&A, including management's assessment of the Company's future plans and operations, contains forward-looking statements, which are based on the Company's current internal expectations, estimates, projections, assumptions and beliefs, which may prove to be incorrect. Some of the forward-looking statements may be identified by words such as "expects", "anticipates", "believes", "projects", "plans" and similar expressions. These statements are not guarantees of future performance and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause the Company's actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. The Company is a mineral exploration company and is exposed to a number of risks and uncertainties that are common to companies in the same business. These risks and uncertainties include, among other things, the speculative nature of mineral exploration and development activities, the Company's need for additional funding to continue its exploration efforts, operating hazards and risks incidental to mineral exploration, the Company's properties are in the exploration stage only and do not contain a known body of commercial ore, uncertainties associated with title to mineral properties, changes in general economic, market and business conditions; competition for, among other things, capital, acquisitions of mineral properties and skilled personnel; ability to obtain required mine licenses, mine permits and regulatory approvals required to proceed with mining operations; ability to comply with current and future environmental and other laws; actions by governmental or regulatory authorities including increasing taxes and changes in other regulations; and the occurrence of unexpected events involved in mineral exploration, development and production.