



TROILUS

TROILUS GOLD CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended
October 31, 2019 and 2018

Management's Discussion and Analysis

For the three months ended October 31, 2019

The following Management's Discussion and Analysis ("MD&A") relates to the financial condition and results of operations of Troilus Gold Corp. ("we", "our", "us", "Troilus", "Troilus Gold" or the "Company") for the three months ended October 31, 2019 and should be read in conjunction with the Company's condensed interim consolidated financial statements for the three months ended October 31, 2019, as well as the Company's audited annual consolidated financial statements and MD&A for the year ended July 31, 2019. The financial statements and related notes of Troilus have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Certain Non-IFRS measures are discussed in this MD&A and are clearly disclosed as such. Additional information, including our press releases, has been filed electronically on SEDAR and is available online under the Company's profile at www.sedar.com and on our website at www.troilusgold.com.

This MD&A reports our activities through December 5, 2019 unless otherwise indicated. References to the 1st quarter of 2020 or Q1-2020, and the 1st quarter of 2019 or Q1-2019 mean the three months ended October 31, 2019 and 2018 respectively. Unless otherwise noted, all references to currency in this MD&A refer to Canadian dollars.

Blake Hylands, P. Geo, Vice-President of Exploration for Troilus, is the in-house Qualified Person under National Instrument 43-101 and has reviewed and approved the scientific and technical information in this MD&A. Mr. Hylands is an employee of Troilus and is therefore not considered to be independent under National Instrument 43-101.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Except for statements of historical fact relating to Troilus, certain information contained herein constitutes forward-looking information under Canadian securities legislation. Forward-looking information includes, without limitation, statements with respect to: possible events, the future price of gold, the estimation of mineral reserves and mineral resources, potential upgrades and/or expansion of the mineral resources, the realization of mineral reserve and mineral resource estimates, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of projects and new deposits, success of exploration, development and mining activities, permitting timelines, currency fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. The words "anticipates", "plans", "expects", "indicative", "intend", "scheduled", "timeline", "estimates", "forecasts", "guidance", "opportunity", "outlook", "potential", "projected", "schedule", "seek", "strategy", "study" (including, without limitation, as may be qualified by "feasibility" and "pre-feasibility"), "targets", "models", or "believes", or variations of or similar such words and phrases or statements that certain actions, events or results "may", "could", "would", or "should", "might", or "will be taken", "occur" or "be achieved" and similar expressions identify forward-looking information. Forward-looking information is necessarily based upon a number of estimates and assumptions that, while considered reasonable by Troilus and its external professional advisors as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. There can be no assurance that forward-looking statements will prove

to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

Forward-looking information is provided for the purpose of providing information about management's expectations and plans relating to the future. All of the forward-looking statements made in this MD&A are qualified by these cautionary statements and those made in our other filings with the securities regulators of Canada including, but not limited to, the cautionary statements made in the "Risk and Uncertainties" section of the Annual Information Form dated October 17, 2019 and the Management Information Circular dated November 8, 2019 (both filed on SEDAR) and this MD&A. These factors are not intended to represent a complete list of the factors that could affect the Company. Economic analyses (including mineral reserve and mineral resource estimates) in technical reports are based on commodity prices, costs, sales, revenue and other assumptions and projections that can change significantly over short periods of time. As a result, economic information in a technical report can quickly become outdated. Troilus disclaims any intention or obligation to update or revise any forward-looking information or to explain any material difference between subsequent events and such forward-looking information, except to the extent required by applicable law and regulations.

TROILUS GOLD PROPERTY

The Troilus Gold property is located northeast of the Val-d'Or mining district, within the Frotêt-Evans Greenstone Belt in Quebec, Canada. The property consists of 293 mineral claims and one surveyed mining lease that collectively cover approximately 16,000 hectares and includes the former Troilus mine.

From 1997 to 2010 Inmet Mining Company ("Inmet") operated the Troilus mine, which produced in excess of 2,000,000 ounces of gold and 70,000 tonnes of copper. Inmet commissioned the Troilus mill in 1996 and achieved commercial production in April 1997 at a rate of 10,000 tonnes per day with recoveries of 86% gold and 90% copper and a concentrate grade of 18% copper, eventually reaching a production milestone of 18,000 tonnes per day. First Quantum Minerals Ltd. ("First Quantum") acquired the Troilus Gold property through its acquisition of Inmet in 2013.

The Troilus Gold property was acquired in two separate transactions. The first consisted of the acquisition from First Quantum of 81 mineral claims and one surveyed mining lease that collectively covered approximately 4,700 hectares and included the former Troilus Mine. The second transaction consisted of the acquisition from Emgold Mining Corporation ("Emgold") of 209 mineral claims that covers approximately 11,300 hectares (see November 28, 2018 press release entitled "Troilus Gold Corp. to Triple Land Position With Acquisition of Troilus North Project From Emgold Mining Corporation" as well as a December 5, 2018 press release entitled "Troilus Gold Corp. Completes Acquisition of Troilus North Project from Emgold Mining Corporation"). Subsequent to the end of the quarter, the Company acquired 3 mining claims from O3 Mining Inc. ("O3") that fall within the boundaries of the northern block of the Troilus Gold property. See the Subsequent Events section of this MD&A.

The Company also has a local office in the city of Chibougamau, Quebec and an information center in the Cree Nation town of Mistissini.

ACCOMPLISHMENTS AND OUTLOOK

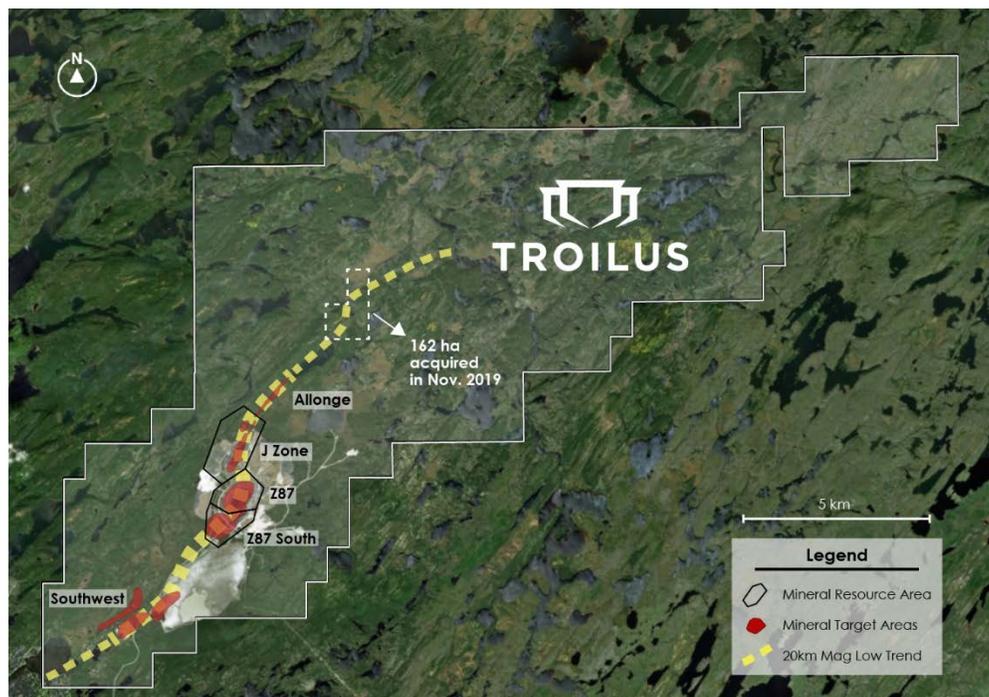
Since November 2017, the Company has:

- Raised approximately \$53 million with a strong institutional shareholder base, including \$6.2 million raised through a private placement flow-through financing during the Q1-2020.
- Successfully completed the acquisition of the Troilus Gold property from First Quantum.
- Completed the acquisition and construction of a 50-man exploration camp, and increased capacity to 75 from 50.
- Signed a Pre-Development agreement with the Cree Nation of Mistissini.
- Opened an information center in Mistissini and an office in Chibougamau.
- Announced a 90% increase in total estimated mineral resource from the 2016 resource estimate with Indicated of 3.9 Moz at 1.0 g/t and Inferred of 1.2 Moz at 1.0 g/t.
- Successfully graduated from the TSX Venture Exchange to the Toronto Stock Exchange (“TSX”).
- Successfully completed the acquisition from Emgold of an additional 209 mineral claims adjacent to the Troilus Gold property.
- Completed two drill programs, a 36,000 metre program in 2018 and a 36,000 metre program in 2019.

Subsequent to the end of the quarter, the Company:

- Reported an update to its mineral resource estimate with a 69% increase from the 2018 mineral resource estimate in the pit-constrained indicated category, and total estimated indicated mineral resource of 4.71 million ounces AuEq and total estimated inferred mineral resource of 1.76 million ounces AuEq.
- Acquired 3 mining claims from O3 Mining Inc. that fall within the boundaries of the northern block of the Troilus project.
- Commenced a new 2,500 metre drill program in the Southwest Zone expected to be completed by December 2019.
- Commenced its Pre-Feasibility Study (“PFS”) and is in the process of initiating engineering. It is anticipated that the PFS will be completed in the second half of 2020.
- Plans to complete a 2020 drill program to further confirm the growth potential of the resource.
- Upon completion of the PFS, management expects to continue engineering to the Feasibility Study stages.

EXPLORATION ACTIVITIES



The 2019 36,000 metre drill program was completed in July 2019. The program took into consideration the additional 209 mineral claims from Emgold, and was carried out in two phases, designed to derisk and expand upon the already significant mineral resource defined by the Company in November 2018. The program aimed to continue expanding the potential pit-constrained mineral resources near-surface, and also confirm and expand down dip and strike extensions of historic mineralization below the former producing Troilus mine.

Results from Z87 South clearly demonstrate a mineral continuity that extends south beyond the limit of Z87. The 2019 drill targets in Z87 South have successfully broadened mineralization over 600 metres along strike and over 350 metres down dip, and management believes there remains excellent potential for further growth based on favourable geology, geophysics and lack of drill density. The discovery of this mineralized extension is a result of the Company's new understanding of the structural influence on mineralization across the deposit and the regional trend. Based on measurements taken on outcrops and in the mined pit-constrained walls, the Company directed drilling further to the west with the intention of targeting a mineralized zone that it suspected historic drilling may have missed. This zone will remain a priority target area for subsequent phases of drilling as the Company aims to define the extent of this new mineral zone.

Results from the J Zone have significantly extended the boundaries of known mineralization to the north east and south west in the J4 Zone, well beyond the formerly mined J4 pit. Shallower intercepts from certain holes are believed to be mineral extensions from the neighbouring J5 mineral zone, suggesting the J4 and J5 zones may prove to be one and the same. Results also demonstrate a near surface continuity extending the mineralization up to 1.2 km to the south west beyond the limit of the former J5 pit. The discovery of this mineralized extension is a result of the Company's new understanding of the structural influence on mineralization across the deposit and the regional trend. The Company has begun to outline

future drill targets to further improve resolution and continue defining the mineral boundaries along the Troilus trend.

Subsequent to the end of the quarter, the Company released an updated mineral resource estimate, which was effective October 31, 2019. Total estimated indicated mineral resource increased to 4.71 million ounces AuEq and total estimated inferred mineral resource increased to 1.76 million ounces AuEq. Pit-constrained estimated mineral resources in the indicated mineral resource category increased by 910,000 ounces AuEq from the previous estimate dated November 19, 2018. Underground tonnage decreased by 24% while underground grade in the indicated mineral resource category improved from 1.5 g/t AuEq to 1.86 g/t AuEq from the 2018 mineral resource estimate. See Current Mineral Resource Estimate.

The exploration team completed a regional surface exploration program and has commenced a small drill program of approximately 2500m to be completed before the end of calendar 2019. The Company is planning another drill program to start in early 2020. As a result of the Company's flow-through financing completed during Q1-2020, the company will be required to spend \$6,222,954 on qualified exploration expenditures before December 2020. The Company anticipates meeting this expenditure commitment well before that deadline. Subject to financing, exploration and PFS costs are anticipated to be upwards of \$16,000,000 for the balance of the fiscal year.

Current Mineral Resource Estimates

PIT-CONSTRAINED AND UNDERGROUND MINERAL RESOURCE ESTIMATE

Troilus Gold Corp. - Troilus project

effective as of October 31, 2019

Classification	Tonnage (MT)	AuEq (g/t)	Au (g/t)	Cu (%)	Ag (g/t)	Contained AuEq (Moz)	Contained Au (Moz)	Contained Copper (Mlb)	Contained Silver (Moz)
Total Pit-constrained and Underground									
Indicated	159.1	0.92	0.78	0.09	1.19	4.71	3.97	301.15	6.07
Inferred	52.7	1.04	0.90	0.08	1.01	1.76	1.53	94.89	1.71
Total Pit-constrained									
Indicated	140.8	0.80	0.67	0.08	1.19	3.61	3.02	242.70	5.39
Inferred	36.2	0.67	0.56	0.06	1.17	0.78	0.66	51.30	1.36
Total Pit-constrained Z87 Zone									
Indicated	63.8	0.94	0.78	0.09	1.41	1.92	1.60	130.58	2.89
Inferred	12.6	0.70	0.59	0.06	1.48	0.29	0.24	17.11	0.60
Total Pit-constrained J Zone (J4 & J5)									
Indicated	77.0	0.68	0.57	0.07	1.01	1.69	1.42	112.12	2.50
Inferred	23.5	0.66	0.55	0.07	1.00	0.50	0.41	34.19	0.75
Total Underground Z87 Zone									
Indicated	18.3	1.86	1.62	0.15	1.16	1.09	0.95	58.45	0.68
Inferred	16.6	1.82	1.63	0.12	0.67	0.97	0.87	43.60	0.36

Notes:

1. CIM (2014) definitions were followed for estimated mineral resources.
2. Pit-constrained mineral resources were estimated at a cut-off grade of 0.3 g/t AuEq and were constrained by a Whittle pit shell. Underground mineral resources were estimated at a cut-off grade of 0.9 g/t AuEq.
3. Mineral Resources were estimated using long-term metal prices of US\$1,400 per ounce gold and US\$3.25 per pound copper, and US\$20 per ounce silver; and an exchange rate of US\$1.00 = C\$1.25.
4. High grade capped values vary from 2 g/t Au to 14 g/t Au and 1 g/t Ag to 9 g/t Ag based on mineralized lens.
5. Z87 Zone gold equivalent was calculated with formula $AuEq = Au \text{ grade} + 1.546 * Cu \text{ grade} + 0.01 * Ag \text{ grade}$, and the J Zone (J4 & J5) gold equivalent was calculated with formula $AuEq = Au \text{ grade} + 1.47 * Cu \text{ grade} + 0.013 * Ag \text{ grade}$.
6. A recovery of 83% for gold, 92% for copper, and 76% for silver was used at Z87 Zone; a recovery of 82% for gold, 88% for copper, and 76% for silver was used at the J Zone (J4 & J5).
7. Bulk density varies from 2.77 g/cm³ to 2.86 g/cm³.
8. Due to rounding, some columns or rows may not compute exactly as shown.
9. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.

The updated mineral resource estimate was completed in accordance with the CIM (2014) Definition Standards incorporated by reference in NI 43-101 by Roscoe Postle and Associates ("RPA") and has been

reviewed internally by the Company. The full technical report in respect of the updated mineral resource estimate (the “Technical Report”) will be available on SEDAR (www.sedar.com) under the Company’s issuer profile before December 27, 2019.

Exploration and evaluation expenses on the Troilus Gold project:

	Three months ended October 31,	
	2019	2018
Exploration and evaluation expenses:		
Drilling, assaying and geology	\$ 781,636	\$ 1,254,986
Salaries, payroll costs and consultants	1,238,966	1,174,639
Site and camp costs	111,685	151,254
Support and other costs	141,979	131,558
Studies	384,450	94,191
Government and community relations	17,719	26,173
Travel	54,948	31,121
Depreciation	131,744	45,019
Tax credits	(513,000)	-
	\$ 2,350,127	\$ 2,908,941

For the three months ended October 31, 2019:

Exploration and evaluation expenses for the quarter ended October 31, 2019 are detailed in the table above. During Q1-2020, the Company completed a regional exploration program. The Company’s 2019 drill program had concluded during the previous quarter. During the three months ended October 31, 2018, costs were higher as the Company was completing its 2018 drill program as well as a regional exploration program.

Site and camp costs decreased by 26% in Q1-2020 compared to the Q1-2019 mostly as a result of higher camp rental income which is applied against these costs.

Support and other costs increased by 8%, however this includes the IFRS 16 impact (see page 9) where operating leases (like site office rent and vehicle leases) have been capitalized in Q1-2020 but were expensed in Q1-2019. If these leases were not capitalized, support and other costs would have increased by 39% due to higher fuel and site rent costs.

Costs for studies were \$262,483 higher during Q1-2020 compared to Q1-2019. During Q1-2020, the Company incurred costs for its resource estimate update, environmental studies as well as costs associated with its collaboration with the University of Western. During the comparative quarter, costs included work on the resource update estimate for 2018, and Preliminary Economic Assessment work.

Depreciation costs related to exploration and evaluation activity increased during Q1-2020 compared to Q1-2019 as a result of a gradual increase in the asset base over the previous year.

The Company accrued tax credits receivable during Q1-2020 which was recorded against exploration expenditure on which the tax credits are based.

SIGNIFICANT ACCOUNTING POLICIES

The Company's significant accounting policies can be found in Note 3 of its audited annual consolidated financial statements for the year end July 31, 2019.

New accounting policies

IFRS 16 – Leases ("IFRS 16") replaces IAS 17, Leases ("IAS 17"). IFRS 16 is effective for annual periods beginning on or after January 1, 2019 and may be applied retrospectively to each prior period presented (full retrospective approach) or with the cumulative effect of adoption recognized at initial application (modified retrospective approach). The Company has adopted this policy effective August 1, 2019 and has used the modified retrospective approach.

The Company's accounting policy for leases under IFRS 16 is as follows:

At inception of a contract, the Company assesses whether the contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset ("ROU" asset) and a lease liability at the commencement date. The ROU asset is initially measured at cost, based on the initial measurement of the lease liability and includes any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and restoration costs. The assets are depreciated to the earlier of the end of the useful life of the ROU asset or the lease term using the straight-line method. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. The ROU asset is periodically adjusted for certain remeasurements of the lease liability. The Company has elected to separate non-lease components. ROU assets are included in Property and Equipment in the consolidated statement of financial position.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate. The incremental borrowing rate reflects the rate of interest that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. The lease liability is subsequently measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments, if there is a change in the Company's estimate of the amount to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When a lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the ROU asset.

The Company does not recognize ROU assets and lease liabilities for leases of low-value assets, leases with terms that are less than 12 months and arrangements for the use of land that grant the Company the right to explore, develop, produce or otherwise use the mineral resource contained in that land. Payments for these leases are recognized on a straight-line basis as an expense in the consolidated statement of operations.

Impact of transition to IFRS 16:

Effective August 1, 2019, the Company adopted IFRS 16 using the modified retrospective approach and accordingly the information presented for the comparative period has not been restated and remain as previously reported under IAS 17. The cumulative effect of initial application is recognized in deficit at August 1, 2019.

The Company leases various assets including office space, vehicles and equipment. On initial application, the Company recorded ROU assets based on the corresponding lease liabilities, which have been measured by discounting future lease payments at either the implicit rate or the incremental borrowing rate at August 1, 2019. The incremental borrowing rate applied was 15% per annum and represents the Company's best estimate of the rate of interest it would expect to pay to borrow, on a collateralized basis, over a similar term, an amount equal to the lease payments in the current economic environment.

The Company has elected to use the following practical expedients permitted by the standard:

- the accounting for leases with a remaining lease term of less than 12 months as at August 1, 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the ROU asset at the date of initial application.

In the comparative period, the Company classified leases that transfer substantially all of the risks and rewards of ownership as financing arrangements. Assets held under other leases were classified as operating leases and were not recognized in the Company's statement of financial position. Payments made under operating leases were recognized in profit or loss on a straight-line basis over the term of the lease.

RESULTS OF OPERATIONS

	Three months ended October 31,	
	2019	2018
Expenses		
Exploration and evaluation expenses	\$ 2,350,127	\$ 2,908,941
Reclamation estimate	27,339	28,320
General and administrative expenses	1,139,933	1,068,963
Share-based payments	-	594,000
Total expenses before other items	3,517,399	4,600,224
Other (income)/expenses		
Interest income	(27,962)	(77,242)
Interest on lease liabilities	54,781	12,186
Flow-through share premium	(182,600)	(877,938)
Accretion of reclamation provision	14,506	3,773
Other expenses	25,176	11,251
Net loss and comprehensive loss for the period	\$ 3,401,300	\$ 3,672,254

For the three months ended October 31, 2019:

The Company recorded a net loss of \$3,401,300 for Q1-2020 (Q1-2019: \$3,672,254).

Exploration and evaluation expenses are detailed in the Exploration Activities section of this report above.

The Company's reclamation provision is recognized from previous activity at the Troilus mine based on an estimate of anticipated future costs for reclamation. As costs are incurred, they are applied against the reclamation liability. The liability is updated regularly for changes in estimate and changes in discount and inflation rates. As a result, \$27,339 was recorded as reclamation estimate to the statement of operations for Q1-2020 (Q1-2019: \$28,320). The discounting is accreted over time and \$14,506 has been recorded as accretion to the statement of operations for Q1-2020 (Q1-2019: \$3,773).

General and administrative expenses are detailed below:

	Three months ended October 31,	
	2019	2018
General and administrative expenses :		
Salaries, payroll costs and consultants	\$ 567,061	\$ 520,257
Professional costs	75,421	53,408
Shareholder communications	328,925	384,575
Office and general	101,511	73,460
Travel	17,346	37,263
Depreciation	49,669	-
	<u>\$ 1,139,933</u>	<u>\$ 1,068,963</u>

Salaries, payroll costs and consultants increased by 9% for Q1-2020 compared to Q1-2019 as a result of an increase in staff.

Professional costs increased by \$22,013 or 41% for Q1-2020 compared to Q1-2019 with the completion of a compensation review study.

Shareholder communications includes regulatory costs, as well as investor relations programs. These costs decreased for Q1-2020 compared to Q1-2019 by 14% or \$55,649. During the comparative quarter, the Company graduated to the TSX and incurred one-time costs.

Office and general costs are higher for Q1-2020 compared to Q1-2019 by \$28,050. The Company has been incurring initial set up costs since moving into its new head office in August 2019. The Company's head office lease is capitalized in accordance with IFRS 16.

No options or RSU's were granted and therefore no expense was incurred during Q1-2020. During Q1-2019, 660,000 stock options were granted resulting in an expense of \$594,000.

The Company earned interest income of \$27,962 during Q1-2020 compared to \$77,242 during Q1-2019. The Company has invested excess cash in highly liquid, high-interest GIC's resulting in this interest income.

The Company's cash balances were lower during Q1-2020 compared to Q1-2019 resulting in lower interest income.

Interest on leases for Q1-2020 was \$54,781 compared to \$12,186 for Q1-2019 which increased in part as a result of IFRS 16.

As a result of the Company's flow-through financing in October 2019, the Company recorded a flow-through liability on the statement of financial position representing the premium on the share issuances. As the Company incurs eligible expenditures against this liability, the Company reduces the liability and records this as flow-through share premium recovery on the statement of operations. During Q1-2020, the Company recorded a flow-through share premium recovery of \$182,600 (Q1-2019: \$877,938).

Other expenses recorded for Q1-2020 include \$24,831 related to the fee charged by the insurer of the reclamation bond (Q1-2019: \$nil) and miscellaneous charges for both periods.

SUMMARY OF QUARTERLY RESULTS

	October 31, 2019 Q1-2020	July 31, 2019 Q4-2019	April 30, 2019 Q3-2019	January 31, 2019 Q2-2019
Interest income	\$ 27,962	\$ 52,000	\$ 40,991	\$ 60,685
Net loss and comprehensive loss	(3,401,300)	(5,262,781)	(4,572,903)	(6,140,800)
Basic and diluted net loss per share	(\$0.05)	(\$0.10)	(\$0.09)	(\$0.12)
Total assets	17,731,058	13,127,071	12,793,315	17,889,504
	October 31, 2018 Q1-2019	July 31, 2018 Q4-2018	April 30, 2018 Q3-2018	January 31, 2018 Q2-2018
Interest income	\$ 77,242	\$ 64,163	\$ 67,128	\$ 14,356
Net loss and comprehensive loss	(3,672,254)	(1,545,474)	(7,536,469)	(21,238,837)
Basic and diluted net loss per share	(\$0.08)	(\$0.03)	(\$0.21)	(\$0.67)
Total assets	22,725,908	27,698,332	16,752,393	18,226,982

Total assets decreased in Q3-2018 as a result of cash expenditures on exploration properties, which are expensed to the statement of operations. Total assets increased significantly in Q4-2018 as a result of flow-through financings. Total assets have continued to decrease during 2019 due to cash expenditures on exploration properties. The Company completed a bought-deal financing during Q4-2019 and a private placement flow-through financing during Q1-2020 resulting in an increase to total assets during both periods. As well, the impact of IFRS 16 during Q1-2020 is also reflected in the increase in total assets.

The loss recorded during Q2-2018 includes an option acquisition expense related to the acquisition of 2513924 Ontario Inc. and a listing transaction expense, which represents the net assets of Pitchblack Resources Ltd. acquired less consideration provided. As well, the Company issued stock options during Q2-2018 generating a non-cash stock-based compensation expense of \$4,791,023. The loss in Q3-2018 includes exploration costs as the Company commenced its drill program during this period. As well, the

Company recorded a reclamation expense estimate of \$3,536,448 during Q3-2018. This quarter also includes a full quarter of corporate costs. Net loss during Q4-2018 includes a flow-through share premium recovery of \$799,683, an adjustment to stock-based compensation expense, and a reduction of \$1,044,979 to exploration and evaluation expenditures as a result of the tax credit receivable recorded during the quarter. Net loss during Q1-2019 includes drilling and assaying costs as the Company completed its 2018 drill program as well as \$594,000 in stock-based compensation expense, offset by a flow-through share premium recovery of \$877,938. During Q2-2019, costs increased by approximately \$2,500,000 from Q1-2019 as a result of the acquisition of the Troilus North property from Emgold. Costs in Q3- and Q4-2019 include the 2019 drill program costs. Net loss decreased in Q1-2020 with no drilling.

LIQUIDITY AND CAPITAL RESOURCES

Given the nature of the Company's operations, the most relevant financial information relates primarily to current liquidity, solvency and planned expenditures. The Company currently has a negative operating cash flow and finances its mineral exploration through equity financings. The Company's financial success will be dependent on the economic viability of its mineral exploration and development properties and the extent to which it can establish economic mineral reserves and operations.

The Company had working capital (see Non-IFRS Measures) of \$7,289,795 as at October 31, 2019 (July 31, 2019: \$6,813,681) including cash and cash equivalents of \$8,311,817 (July 31, 2019: \$6,337,689).

The Company completed a private placement financing in October 2019, raising \$6,017,373 net of issue costs.

The Company existing leases include office leases, vehicle leases and leases for certain infrastructure, with terms between 6 months and 4.5 years. Total lease liabilities as at October 31, 2019 are \$1,673,660, where \$891,887 are current and \$781,773 are long-term (July 31, 2019: total lease liabilities of \$547,193, \$532,133 current and \$15,060 long-term). The Company acquired \$338,620 in equipment during the three months ended October 31, 2019 through lease financing arrangements (October 31, 2018: \$600,010). As a result of the initial application of IFRS 16, \$1,075,254 in lease liabilities were recognized at transition on August 1, 2019.

The Company's lease commitments include:

Liability	Total	Payments due by period			
		< 1 year	1 - 3 years	4 - 5 years	> 5 years
Lease liabilities	1,673,660	891,887	487,227	294,546	-

The Company has reclamation and water treatment obligations at the Troilus Gold property from historical mining activities. The Company has recorded a total obligation of \$3,663,392 as at October 31, 2019, of which \$82,466 has been recognized as current (July 31, 2019: \$3,672,395, \$91,654 being current). This estimate assumes that future mining operations will not resume and as management continues its exploration program and works towards a future mining scenario, the reclamation provision will be adjusted accordingly.

The Company withdrew its security deposit with the Government of Quebec in exchange for an underwritten bond from an insurance company. To purchase this insurance, the Company paid a deposit of \$1,589,190 to the insurance company and pays an annual fee of 2.5% of the insured amount. The

Company also paid an additional \$50,000 deposit as security against current and future estimated reclamation obligations on the landfill site on the Troilus Gold property.

CASH FLOWS

Cash used in operating activities during the three months ended October 31, 2019 was \$3,303,803 compared to \$5,180,461 for the three months ended October 31, 2018. The Company used \$3,411,490 on exploration and evaluation expenses and administrative expenses as described earlier in this report during the three months ended October 31, 2019 (2018: \$3,936,891). Non-cash working capital provided \$107,688 during the three months ended October 31, 2019 (2018: use of \$1,243,570). The net change in non-cash working capital reported on the cash flow statement identifies the changes in current assets and current liabilities that occurred during the period. An increase in a liability (or a decrease in an asset) is a source of funds; while a decrease in a liability (or an increase in an asset) account is a use of funds.

Cash provided by financing activities during the three months ended October 31, 2019 was \$5,729,966 compared to the use of \$121,699 during the three months ended October 31, 2018. The Company raised \$6,222,954 from a flow-through private placement during Q1-2020, with issue costs of \$205,581 (Q1-2019: \$nil). The Company paid \$287,407 in lease payments during Q1-2020 (Q1-2019: \$121,699).

Cash used by investing activities during Q1-2020 was \$452,036 (Q1-2019: \$306,603), all for property and equipment expenditures.

NON-IFRS MEASURES

The Company has referred to working capital throughout this document. Working capital is a Non-IFRS performance measure. In the gold mining industry, it is a common Non-IFRS performance measure but does not have a standardized meaning. The Company believes that, in addition to conventional measures prepared in accordance with IFRS, we and certain investors use this information to evaluate the Company's performance and ability to generate cash, profits and meet financial commitments. This Non-IFRS measure is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The following tables provide a reconciliation of working capital to the financial statements as at October 31, 2019 and July 31, 2019.

	October 31, 2019	July 31, 2019
Current assets:		
Cash and cash equivalents	\$ 8,311,817	\$ 6,337,689
Tax credit receivable	1,345,164	832,164
Amounts receivable	815,808	1,275,635
Prepaid expenses	383,105	492,418
	<u>\$ 10,855,894</u>	<u>\$ 8,937,906</u>
Current liabilities:		
Accounts payable and accrued liabilities	2,591,746	1,500,438
Current portion of lease liabilities	891,887	532,133
Current portion of reclamation provision	82,466	91,654
	<u>\$ 3,566,099</u>	<u>\$ 2,124,225</u>
Working capital/(deficiency), current assets less current liabilities	\$ 7,289,795	\$ 6,813,681

CAPITAL RISK MANAGEMENT

The Company manages and adjusts its capital structure based on available funds in order to support the exploration and development of mineral properties. The capital of the Company consists of share capital, share purchase warrants and stock options. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company's properties are in the exploration stage and, accordingly, the Company is dependent upon external financings to fund activities. In order to carry out planned drilling and engineering work, and pay for administrative costs, the Company will spend working capital and expects to raise the additional funds from time to time as required.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company's capital management objectives, policies and processes have remained unchanged during the three months ended October 31, 2019 and 2018.

COMMITMENT AND CONTINGENCIES

The Company is party to certain management contracts. These contracts contain minimum commitments of approximately \$1,980,000 and additional contingent payments of approximately \$8,040,000 upon the occurrence of a change of control. As well, subsequent to the end of the quarter, the Company granted 4,425,000 RSU's to directors, officers and employees of the Company with vesting terms over three years. Upon a change of control, these RSU's would vest immediately. As a triggering effect for a change of control has not taken place, the contingent payments have not been reflected in these annual financial statements.

The Company's lease commitments are outlined in the table below:

Liability	Total	Payments due by period			
		< 1 year	1 - 3 years	4 - 5 years	> 5 years
Lease liabilities	1,673,660	891,887	487,227	294,546	-

The Troilus project is subject to a variable net smelter royalty held by First Quantum Minerals Inc. of 1.5% or 2.5% depending on whether the price of gold is above or below US\$1,250 per ounce, as well as an additional 1% royalty held by QuestCap Inc., on 82 of its claims. The 209 claims acquired from Emgold Mining during the previous year are subject to underlying royalties of 1% to Chimata Gold Corporation that the Company has a right to purchase for \$1,000,000, and 1.5% to three individuals that the Company has a right to purchase for \$2,000,000 until 24 months from the start of commercial production and for \$3,000,000 thereafter. See also subsequent events.

As a result of the Company's flow-through financing in October 2019, the Company is committed to incurring \$6,222,954 in qualifying resource expenditures. The Company will file its renunciation forms in January 2020. As at October 31, 2019, the Company has incurred \$1,046,313 in qualifying expenditures, with the balance of \$5,176,641 to be spent before December 31, 2020.

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

RELATED PARTY DISCLOSURES

The Company entered into the following transactions in the ordinary course of business with related parties that are not subsidiaries of the Company.

Related party balances

Approximately \$43,000 is payable to directors and officers of the Company at October 31, 2019 (July 31, 2019: \$20,000) and included in accounts payable and accrued liabilities. This amount is unsecured, non-interest bearing with no fixed terms of repayment.

Compensation of key management personnel of the Company

The remuneration of directors and other members of key management personnel were as follows:

	Three months ended	
	October 31,	
	2019	2018
Management salaries and fees	\$ 467,224	\$ 409,300
Directors fees	35,598	21,875
Share-based payments	-	558,000
	<u>\$ 502,822</u>	<u>989,175</u>

In accordance with IAS 24, key management personnel 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 Board of Directors of the Company having regard to the performance of individuals and market trends.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities were classified as follows:

	Assets at amortized cost	Assets at fair value through profit or loss	Liabilities at amortized cost	Total
As at October 31, 2019				
Cash and cash equivalents	\$ 977,643	\$ 7,334,174	\$ -	\$ 8,311,817
Amounts receivable	116,636	-	-	116,636
Reclamation deposit	1,639,190	-	-	1,639,190
Accounts payable and accrued liabilities	-	-	2,591,746	2,591,746
Lease liabilities	-	-	1,673,660	1,673,660

The carrying value of cash, amounts receivable, and accounts payable and accrued liabilities approximate fair value due to the short-term nature of the financial instruments. The carrying value of reclamation deposit approximates fair value as it's represented by a cash deposit. Management believes the carrying value of lease liabilities approximate fair value.

A fair value hierarchy prioritizes the methods and assumptions used to develop fair value measurements for those financial assets where fair value is recognized on the statement of financial position. These have been prioritized into three levels.

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Inputs for the asset or liability that are not based on observable market data.

The following table sets forth the Company's financial assets and liabilities measured at fair value by level within the fair value hierarchy as at October 31, 2019:

	Level 1	Level 2	Level 3	TOTAL
As at October 31, 2019				
Cash equivalents	\$ -	\$ 7,334,174	\$ -	\$ 7,334,174

Fair value amounts represent point-in-time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of significant judgment.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no significant changes in the risks, objectives, policies and procedures for managing risk during the three months ended October 31, 2019 and 2018.

Credit risk

The Company's credit risk is primarily attributable to cash and cash equivalents. The Company has no significant concentration of credit risk arising from operations. Cash and cash equivalents consist of guaranteed investment certificates, which have been invested with reputable financial institutions, from which management believes the risk of loss to be remote. Amounts receivable primarily represent input tax credit refunds from government bodies. Management believes that the credit risk concentration with respect to these financial instruments is remote.

Liquidity risk

The Company manages liquidity risk by maintaining adequate cash and cash equivalent balances. The Company continuously monitors and reviews both actual and forecasted cash flows, and also matches the maturity profile of financial assets and liabilities.

As at October 31, 2019, the Company had current assets of \$10,855,894 (July 31, 2019: \$8,937,906) to settle current liabilities of \$3,566,099 (July 31, 2019: \$2,124,225). Approximately \$1,720,000 of the Company's financial liabilities as at October 31, 2019 have contractual maturities of less than 30 days and are subject to normal trade terms.

Liability	Total	Payments due by period			
		< 1 year	1 - 3 years	4 - 5 years	> 5 years
Accounts payable and accrued liabilities	\$ 2,591,746	\$ 2,591,746	\$ -	\$ -	\$ -
Lease liabilities	1,673,660	891,887	487,227	294,546	-
Reclamation provision	3,663,392	82,466	413,930	419,247	2,747,749

Market risk - Interest rate risk

The Company's cash equivalents are subject to interest rate cash flow risk as they carry variable rates of interest. The Company's interest rate risk management policy is to purchase highly liquid investments with a term to maturity of one year or less on the date of purchase. Based on cash and cash equivalent balances on hand at October 31, 2019, a 0.1% change in interest rates could result in a corresponding change in net loss of approximately \$8,000.

SUBSEQUENT EVENTS

In November 2019, the Company acquired 3 mineral claims from O3 Mining Inc. ("O3"). These claims fall within the northern block of the Troilus project. As consideration for the acquisition, the Company issued 300,000 common shares of the Company and granted a 2% NSR to O3 on the claims. The Company will have the right to repurchase 1% of the NSR at any time for \$1,000,000. As well, these claims carry an underlying royalty of 2% to an individual, half of which can be purchased for \$1,000,000.

In November 2019, the Company granted 4,425,000 RSU's to directors, officers and employees of the Company. The RSU's will vest in three tranches, 1/3rd on January 15, 2020, 1/3rd on January 15, 2021, and 1/3rd on January 17, 2022.

OUTSTANDING SHARE DATA

Number of:	As at October 31, 2019	As at December 5, 2019
Common Shares	69,097,478	69,397,478
Options	250,000	250,000
RSU's	-	4,425,000
Warrants	14,030,000	14,030,000

RISKS AND UNCERTAINTIES

Nature of Mining, Mineral Exploration and Development Projects

Mineral exploration is highly speculative in nature. There is no assurance that exploration efforts will be successful. Even when mineralization is discovered, it may take several years until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable mineral reserves through drilling. Because of these uncertainties, no assurance can be given that exploration programs will result in the establishment or expansion of mineral resources or mineral reserves. There is no certainty that the expenditures made by the Company towards the search and evaluation of mineral deposits will result in discoveries or development of commercial quantities of ore.

Mining operations generally involve a high degree of risk. The Company's operations are subject to the hazards and risks normally encountered in mineral exploration and development, including environmental hazards, explosions, and unusual or unexpected geological formations or pressures. Such risks could result in damage to, or destruction of, mineral properties, personal injury, environmental damage, delays in mining, monetary losses and possible legal liability.

Liquidity Concerns and Future Financings

The Company will require capital and operating expenditures in connection with the exploration and development of its properties and for working capital purposes. There can be no assurance that the Company will be successful in obtaining the required financing as and when needed. The only sources of future funds presently available to Troilus are the sale of equity capital, the sale of assets (which may be illiquid), or offering an interest in its properties. There is no assurance that any funds will be available for operations. Failure to obtain additional financing on a timely basis could cause the Company to reduce, delay or terminate its proposed operations, with the possible loss of such operations and assets.

Volatile markets may make it difficult or impossible for the Company to obtain debt financing or equity financing on acceptable terms, if at all. Failure to obtain additional financing on a timely basis may cause the Company to postpone or slow down its development plans, forfeit rights in some or all of its properties or reduce or terminate some or all of its activities.

Calculation of Mineral Resources

There is a degree of uncertainty attributable to the calculation and estimates of resources and the corresponding metal grades to be mined and recovered. Until resources are actually mined and processed, the quantities of mineralization and metal grades must be considered as estimates only. Any material

change in the quantity of mineral resources, grades and recoveries may affect the economic viability of the Company's operations.

No Mineral Reserves have been estimated at the Troilus Project

The Troilus Gold property is in the exploration stage and sufficient work has not been done to define a mineral reserve. There is no assurance given by the Company that continuing work on the property will lead to defining the mineralization with enough confidence and in sufficient quantities to report it as a mineral reserve.

Environmental, Health and Safety Risks

The Company's activities are subject to extensive laws and regulations governing environmental protection and employee health and safety. Environmental legislation is evolving in a manner that is creating stricter standards, while enforcement, fines and penalties for non-compliance are more stringent. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. Furthermore, any failure to comply fully with all applicable laws and regulations could have significant adverse effects on the Company, including the suspension or cessation of operations.

Exploration and mining operations involve risks of releases to soil, surface water and groundwater of metals, chemicals, fuels, liquids having acidic properties and other contaminants. Significant risk of environmental contamination from present and past exploration or mining activities still exists for mining companies. The Troilus mine is a past producing mine subject to continuing reclamation liabilities and obligations. Troilus may be liable for environmental contamination and natural resource damages relating to properties that they currently own or operate or at which environmental contamination occurred while or before they owned or operated the properties. No assurance can be given that potential liabilities for such contamination or damages caused by past activities at the Troilus mine do not exist or that the Company will not be alleged to be responsible for historical liabilities at the Troilus mine.

Decommissioning and Reclamation

Environmental regulators are increasingly requiring financial assurances to ensure that the cost of decommissioning and reclaiming sites is borne by the parties involved, and not by government. It is not possible to predict what level of decommissioning and reclamation (and financial assurances relating thereto) may be required in the future by regulators.

Insurance

The Company's business is capital intensive and subject to a number of risks and hazards, including environmental pollution, accidents or spills, industrial and transportation accidents, labour disputes, changes in the regulatory environment, natural phenomena (such as inclement weather conditions, earthquakes, pit wall failures and cave-ins) and encountering unusual or unexpected geological conditions. Many of the foregoing risks and hazards could result in damage to, or destruction of: the Company's mineral properties or future processing facilities, personal injury or death, environmental damage, delays in or interruption of or cessation of their exploration or development activities, delay in or inability to receive regulatory approvals to transport their products, or costs, monetary losses and potential legal liability and adverse governmental action. Troilus may be subject to liability or sustain loss

for certain risks and hazards against which they do not or cannot insure or which it may reasonably elect not to insure. This lack of insurance coverage could result in material economic harm to Troilus.

Metal Prices

Precious metal prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The level of interest rates, the rate of inflation, the world supply of mineral commodities and the stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns, national fiscal policies, monetary systems and political developments. The price of gold and silver has fluctuated widely in recent years. Future price declines could cause commercial production to be impracticable, thereby having a material adverse effect on the Company's business, financial condition and result of operations. Moreover, the ability of the Company to fund its activities and the valuation of investor companies will depend significantly upon the market price of precious metals.

Competition

The Company competes with many other mining companies that have substantially greater resources than the Company. Such competition may result in the Company being unable to acquire desired properties, recruit or retain qualified employees or obtain the capital necessary to fund the Company's operations and develop its properties. The Company's inability to compete with other mining companies for these resources would have a material adverse effect on the Company's results of operations and business.

Properties May be Subject to Defects in Title

The Company has investigated its rights to exploit the Troilus Gold property and, to the best of its knowledge, its rights are in good standing. However, no assurance can be given that such rights will not be revoked, or significantly altered, to its detriment. There can also be no assurance that the Company's rights will not be challenged or impugned by third parties, including aboriginal communities.

Some of the Company's mineral claims may overlap with other mineral claims owned by third parties which may be considered senior in title to the Company mineral claims. The junior claim is only invalid in the areas where it overlaps a senior claim. The Company has not determined which, if any, of the Company mineral claims is junior to a mineral claim held by a third party.

Although the Company is not aware of any existing title uncertainties with respect to the Troilus Gold property, there is no assurance that such uncertainties will not result in future losses or additional expenditures, which could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Limited Property Portfolio

At this time, the Company holds an interest in the Troilus Gold property. As a result, unless the Company acquires additional property interests, any adverse developments affecting this property could have a material adverse effect upon the Company and would materially and adversely affect the potential future mineral resource production, profitability, financial performance and results of operations of the Company.

Property Commitments

The Company's mining properties may be subject to various land payments, royalties and/or work commitments. Failure by the Company to meet its payment obligations or otherwise fulfill its commitments under these agreements could result in the loss of related property interests.

Licences and Permits, Laws and Regulations

The Company's exploration and development activities (and those of investee companies) require permits and approvals from various government authorities, and are subject to extensive federal, provincial and local laws and regulations governing prospecting, exploration, development, production, transportation, exports, taxes, labour standards, occupational health and safety, mine safety and other matters. Such laws and regulations are subject to change, can become more stringent and compliance can therefore become more time-consuming and costly. In addition, the Company may be required to compensate those suffering loss or damage by reason of its activities. The Company will be required to obtain additional licences and permits from various governmental authorities to continue and expand its exploration and development activities. There can be no guarantee that the Company will be able to maintain or obtain all necessary licences, permits and approvals that may be required to explore and develop its properties (or that its investee companies would also succeed).

Community Relations and License to Operate

The Company's relationship with the local communities and First Nations where it operates is critical to ensure the future success of its existing activities and the potential development and operation of its Troilus Gold property. Failure by the Company to maintain good relations with local communities and First Nations can result in adverse claims and difficulties for the Company. There is also an increasing level of public concern relating to the perceived effect of mining activities on the environment and on communities impacted by such activities. NGOs and civil society groups, some of which oppose resource development, are often vocal critics of the mining industry and its practices, including the use of hazardous substances and the handling, transportation and storage of various waste, including hazardous waste. Adverse publicity generated by such NGOs and civil society groups or others related to the extractive industries generally, or the Company's operations specifically, could have a material adverse impact on the Company and its reputation. Reputation loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations and an impediment to the Company's overall ability to advance its projects, which could have a material adverse impact on the Company's business, results of operations and financial condition.

Key Personnel

The senior officers of the Company will be critical to its success. Recruiting qualified personnel as the Company grows is critical to its success. The number of persons skilled in the acquisition, exploration and development of mining properties is limited and competition, particularly in Quebec, for such persons is intense. As the Company's business activity grows, it will require additional key financial, administrative, regulatory and mining personnel as well as additional operations staff. If the Company is not successful in attracting and training qualified personnel, the efficiency of its operations could be affected, which could have an adverse impact on future cash flows, earnings, results of operations and the financial condition of the Company.

Dependence on Outside Parties

The Company has relied upon consultants, geologists, engineers and others and intends to rely on these parties for exploration and development expertise. Substantial expenditures are required to construct mines, to establish mineral resources and reserves through drilling, to carry out environmental and social impact assessments, to develop metallurgical processes to extract metal from ore and, in the case of new properties, to develop the exploration and plant infrastructure at any particular site. If such parties' work is deficient or negligent or is not completed in a timely manner, it could have a material adverse effect on the Company.

Share Price Fluctuations

The market price of securities of many companies, particularly junior stage mining companies, experience wide fluctuations in price that are not necessarily related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that fluctuations in the Company's share price will not occur.

Conflicts of Interest

Directors and officers of the Company are or may become directors or officers of other reporting companies or have significant shareholdings in other mineral resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. The Company and its directors and officers will attempt to minimize such conflicts. In the event that such a conflict of interest arises at a meeting of the directors of the Company, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In appropriate cases the Company will establish a special committee of independent directors to review a matter in which one or more directors, or officers, may have a conflict. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the potential benefits to the Company, the degree of risk to which the Company may be exposed and its financial position at that time. Other than as indicated, the Company has no other procedures or mechanisms to deal with conflicts of interest.

Current Global Financial Condition

The Company will be required to raise additional funds in the future for the development of its projects and other activities through the issuance of additional equity or debt. Current financial and economic conditions globally have been subject to increased uncertainties. Access to financing has been negatively affected by these economic uncertainties. These factors may affect the ability of the Company to obtain equity and/or debt financing in the future and, if obtained, influence the terms available to the Company. If these increased levels of volatility and market turmoil continue, the Company may not be able to secure appropriate debt or equity financing. If additional capital is raised by the issuance of shares from the treasury of the Company, shareholders may suffer dilution. Future borrowings by the Company or its subsidiaries may increase the level of financial and interest rate risk to the Company as the Company will be required to service future indebtedness.

No Revenues

To date, the Company has not recorded any revenues from operations nor has the Company commenced production on any property. There can be no assurance that the Company will always have sufficient

capital resources to continue as a going concern, or that significant losses will not occur in the near future or that the Company will be profitable in the future. The Company's expenses and capital expenditures will increase as consultants, personnel and equipment associated with the exploration and possible development of its properties are advanced. The Company expects to continue to incur losses unless and until such time as it enters into commercial production and generates sufficient revenues to fund its continuing operations. The development of the Company's properties will continue to require the commitment of substantial resources. There can be no assurance that the Company will continue as a going concern, generate any revenues or achieve profitability.

Public Company and other Regulatory Obligations

The Company is subject to evolving corporate governance and public disclosure regulations that have increased both the Company's compliance costs and the risk of non-compliance, which could adversely affect the Company's share price.

The Company is subject to changing rules and regulations promulgated by a number of governmental and self-regulated organizations, including the Canadian Securities Administrators, applicable stock exchange(s), and the International Accounting Standards Board. These rules and regulations continue to evolve in scope and complexity creating many new requirements. For example, the Canadian government proclaimed into force the *Extractive Sector Transparency Measures Act* on June 1, 2015, which mandates the public disclosure of payments made by mining companies to all levels of domestic and foreign governments. The Company's efforts to comply with increasing regulatory burden could result in increased general and administration expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

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 operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate disclosure controls and internal control over the Company's financial reporting. The internal control system was designed to provide reasonable assurance to the Company's management regarding the preparation and presentation of the financial statements.

Troilus's management, including the Chief Executive Officer and the Chief Financial Officer, does not expect that its internal controls over financial reporting and disclosure controls and procedures will prevent or detect all errors and frauds. A cost-effective system of internal controls, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the internal controls over financial reporting are achieved.

The Company's management, with the participation of its Chief Executive Officer and Chief Financial Officer, have certified that disclosure controls and internal controls over financial reporting have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. There was no change in the Company's internal controls over financial reporting that occurred during the three months ended October 31, 2019 that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting. The audit committee of the Company has reviewed this MD&A and the condensed interim consolidated financial statements for the three months ended October 31, 2019, and the Company's board of directors approved these documents before their release.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's Financial Statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and reported amounts of revenues and expenses during the reported period. Such estimates and assumptions affect the carrying value of assets, impact decisions as to when exploration and development costs should be capitalized or expensed, and impact estimates for asset retirement obligations and reclamation costs. Other significant estimates made by the Company include factors affecting valuations of stock-based compensation and the valuation of income tax accounts. The Company regularly reviews its estimates and assumptions, however, actual results could differ from these estimates and these differences could be material.

December 5, 2019