



FREMONT

GOLD LTD

Fremont Gold Ltd.

An Exploration Stage Company

INTERIM MD&A – QUARTERLY HIGHLIGHTS

FOR THE THREE MONTHS ENDED JUNE 30, 2019

Dated: August 22, 2019

Fremont Gold Ltd.

Interim MD&A – Quarterly Highlights
For the three months ended June 30, 2019

Management Discussion and Analysis

The following MD&A – Quarterly Highlights (“MD&A”) of Fremont Gold Ltd. (“Fremont” or the “Company”) has been prepared as at August 22, 2019. It is intended to be read in conjunction with the condensed interim consolidated financial statements of the Company for the three months ended June 30, 2019.

This Interim MD&A – Quarterly Highlights has been compiled in accordance with Section 2.2.1 of Form 51-102F1 - *Management’s Discussion & Analysis*.

All of the financial information presented in this MD&A has been prepared in accordance with International Financial Reporting Standards (“IFRS”) unless otherwise noted.

All monetary amounts, including comparatives, are expressed in Canadian dollars unless otherwise noted.

The Company’s year-end is March 31. Accordingly, references to Q1 2020 herein refer to the three months ended June 30, 2019.

Overview

The Company is a mineral exploration and development company with interests in gold projects in the state of Nevada. Fremont’s primary projects as at June 30, 2019 were North Carlin, Goldrun, Hurricane and Roberts Creek. The Company’s strategy is to conduct exploration on its projects and to build a quality portfolio of gold projects in Nevada.

The Company holds its mineral property interests through its wholly owned subsidiaries, 1027344 B.C. Ltd. (“1027344 B.C.”) and Intermont Exploration, LLC (“Intermont”).

Highlights

The three months ended June 30, 2019 and the period ended August 22, 2019 were highlighted by the following activities and initiatives:

Finance

- The balance of cash and cash equivalents as at June 30, 2019 was \$227,296 (March 31, 2019: \$491,933) and the net working capital balance as at this date was \$138,015 (March 31, 2019: \$410,586)
- In August 2019, the Company announced that it was selling its interest in the Gold Canyon project, to McEwen Mining Inc. (“McEwen”) for consideration of 300,000 McEwen common shares (see ‘Sale of Gold Canyon Property’)

Exploration and development

- The Company initiated drilling at Gold Bar in February 2019. The Company terminated the Gold Bar option agreement in July 2019 following disappointing drill results from the three hole reverse circulation drill program. A payment of US\$ 100,000 was due to Nevada Select Royalties, Inc. (a

wholly-owned subsidiary of Ely Gold & Minerals Inc.) in September 2019 to maintain the option agreement in good standing

Appointments

- In July 2019, the Company announced that Andy Wallace had accepted a position as a member of the Company's Advisory Board

Sale of Gold Canyon property

In August 2019, the Company announced that it was selling its interest in the Gold Canyon project - located in Eureka County, Nevada - to McEwen Mining Inc. ("McEwen") pursuant to an asset purchase agreement dated August 14, 2019. The subject of the transaction was the rights and interest in the Gold Canyon option agreement that the Company had entered into with Nevada Select Royalty, Inc., a wholly-owned subsidiary of Ely Gold Royalties Inc. in December 2017.

Consideration received by the Company was 300,000 common shares of McEwen which will be subject to a four month hold period.

The transaction is expected to close on August 23, 2019. Closing will be subject to regulatory approval. Pursuant to the December 2017 option agreement, an option payment of US\$ 112,500 was due to Ely Gold Royalties Inc. in December 2019 and claim maintenance fees were due to the BLM and the county in August 2019.

Management is seeking to monetise all or part of the McEwen shares.

The carrying value of the Gold Canyon property as at June 30, 2019 was \$174,295. Cumulative exploration spend incurred on the property since December 2017 totalled \$199,644.

Termination of option agreement relating to the Gold Bar property

In September 2017, the Company announced that it had entered into an option agreement with Ely Gold and Minerals Inc., an unrelated British Columbia based company, in connection with 96 unpatented and 12 patented mining claims over the historic Gold Bar mine area in Eureka County Nevada. Option payments totalling US\$ 1,010,000 were to be paid over five years including US\$ 100,000 in September 2019.

In July 2019, the Company announced that it had terminated the Gold Bar option agreement.

As at June 30, 2019, the Company had staked in the field an additional 385 mining claims in areas adjacent to the Gold Bar Property, 214 of which had been recorded. Management has decided not to renew these claims in August 2019.

The carrying value of the Company's total interest in the Gold Bar Property of \$498,128 was written off in full in Q4 2019.

Q1 2020 Exploration activity

Following from both the disappointing drill results at Gold Bar and the aborted drill program at Gold Canyon in Q4 2019, exploration activity in Q1 2020 was very limited. Q1 2020 exploration spend of \$77,592 related primarily to the following:

- In-fill soil sampling at Alkali (North Carlin) (\$15,124)
- Final expenditures relating to the Gold Bar and Gold Canyon drill programs (\$11,991)

- Reclamation of the Gold Bar property (\$8,157 less release of a US\$ 6,000 restoration provision for a net of \$132)
- Costs of the Company's VP Exploration (\$37,400).

Proposed transactions

As at June 30, 2019 and August 22, 2019, there were no other announced asset or business acquisitions or dispositions other than as described herein.

Fremont is currently weighing the sale or joint venture of some of its projects while it evaluates opportunities to acquire an advanced stage gold project that has the potential to host an economic deposit with a minimum of 1.0 million ounces of gold in the Western United States. Over the last several months, the Company has evaluated dozens of advanced stage gold projects in Nevada, Idaho and Utah, resulting in a short-list of projects that warranted further due diligence. Fremont is in discussions with several third parties and is confident that the Company will be able to identify and acquire one or more advanced stage gold projects that have the potential to host an economic deposit with a minimum of 1.0 million ounces of gold.

Selected financial information

A summary of results in respect of the five quarters ended June 30, 2019 is as follows. This summary information has been derived from the audited consolidated financial statements and condensed interim consolidated financial statements (unaudited) of the Company.

Consolidated statements of loss

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Revenue	-	-	-	-	-
Exploration	298,853	123,411	128,177	212,593	77,592
Administration:					
Office and administration	68,388	49,722	122,319	89,211	84,855
Management	54,086	51,893	84,724	74,135	72,532
Stock-based compensation	41,650	58,368	47,261	50,469	35,841
Professional fees	53,373	58,223	67,820	49,290	11,892
Travel	24,007	27,692	74,021	12,405	10,389
Listing expense	13,749	5,313	2,429	5,278	2,798
Depreciation	544	957	1,346	1,522	1,536
	255,797	252,168	399,920	282,310	219,843
Foreign exchange loss (gain)	(29,359)	31,692	(6,596)	2,487	4,016
Interest income	(2,938)	(1,876)	(2,444)	(1,433)	-
Write-off of Gold Bar property	-	-	-	498,128	-
Net loss	522,353	405,395	519,057	994,085	301,451

- The most individually significant exploration expenditures incurred during the five quarters under consideration were in respect of the drill programs undertaken at Gold Bar and Gold Canyon in Q1 2019 and at Gold Bar in Q4 2019 (see 'Q1 2020 Exploration activity')
- Office and administration charges relate to the cost of maintaining corporate offices in each of Vancouver and Winnemucca, Nevada as well as certain marketing related costs (road shows and conferences) and non-management payroll. The higher than normal charges incurred in Q3 2019 related to attendance at conferences

- Management costs comprise remuneration of the Company's President, CEO and CFO; remuneration of the Company's VP-Exploration is included in exploration. The increase in Q3 2019 was attributable to the President and CEO positions transitioning from a single individual to two individuals in October 2018. The remuneration of the President was reduced significantly in Q4 2019
- Stock-based compensation relates to the amortisation of the estimated fair value of stock options issued to management, directors, employees and consultants. During the five quarters under consideration, stock options were issued in July 2018 and December 2018; of the total of 1,675,000 stock options issued during this period, 625,000 stock options were issued to the Company's new CEO in December 2018 and no other stock options were issued to members of management or directors
- Professional fees relate primarily to marketing advisory fees paid to third parties and legal fees associated with various mineral property acquisition transactions. The level of professional fees has declined significantly since Q3 2019 as a result of reduced marketing advisory fees
- Travel charges relate primarily to road shows, conferences and to the Company's properties in Nevada. The increase in Q3 2019 was attributable to increased travel associated with attendance at conferences and other marketing initiatives associated with the December 2018 financing as well as increased travel to Nevada

Consolidated statements of financial position

	30-Jun-18	30-Sep-18	31-Dec-18	31-Mar-19	30-Jun-19
Cash and cash equivalents	1,077,753	524,787	1,013,250	491,933	227,296
Other current assets	185,339	177,457	133,734	106,929	64,282
Mineral properties	2,368,911	2,539,424	3,044,179	2,535,426	2,482,944
Fixed assets	7,768	13,159	18,805	19,542	17,683
Reclamation bonds	106,910	105,099	110,758	125,970	130,956
Total assets	3,746,681	3,359,926	4,320,726	3,279,800	2,923,161
Accounts payable and accrued liabilities	130,807	106,029	135,689	108,496	84,751
Due to related parties	76,191	77,075	158,171	79,780	68,812
Total liabilities	206,998	183,104	293,860	188,276	153,563
Net working capital	1,056,094	519,140	853,124	410,586	138,015
Share capital	10,894,894	10,894,894	12,065,568	12,138,638	12,138,638
Reserves	1,211,494	1,269,862	1,317,123	1,367,592	1,403,433
Other comprehensive income	9,848	(5,986)	145,180	80,384	24,068
Accumulated deficit	(8,576,553)	(8,981,948)	(9,501,005)	(10,495,090)	(10,796,541)
Total equity	3,539,683	3,176,822	4,026,866	3,091,524	2,769,598
	-	-	-	-	-

- Other current assets relate to various receivables (primarily GST and BLM charges due from partners on shared claims within the Goldrun property) and prepaid marketing expenditures
- The carrying value of mineral properties includes claim acquisition (option payments, value of common shares issued to an optionor in connection with a property transaction, costs of staking, etc.) and the costs of maintaining the claims in good standing (annual BLM and county charges). Costs of both exploration and indirect costs associated with claim acquisition (such as legal expenses) are expensed as incurred. The carrying value of the Gold Bar property totalling \$498,128 was written off in full in March 2019 (see 'Termination of option agreement relating to the Gold Bar property')
- Reclamation bonds total US\$ 100,066 (\$130,956) and relate to exploration activities on various properties (see 'Liquidity and going concern - Contractual commitments')
- Accounts payable and accrued liabilities comprise amounts due to third parties including accrued audit fees and recurring liabilities relating to ongoing operations in both Nevada and Vancouver. The balance

as at June 30, 2019 also includes a reclamation provision of \$20,939 relating to various exploration activity

- See 'Transactions with related parties' for discussion regarding the balance due to related parties
- Changes in share capital during the five quarters under consideration equity relate to the December 2018 private placement (8,789,930 units at \$0.14 per unit for gross proceeds of \$1,230,590) and 500,000 common shares issued to the Company's President in Q4 2019 in exchange for \$75,000 of debt (see 'Liquidity and going concern' and 'Transactions with related parties')

Liquidity and going concern

As at June 30, 2019, the Company had a cash balance of \$227,296 (March 31, 2019: \$491,933), and a net working capital balance of \$138,015 (March 31, 2019: \$410,586).

Going concern

The nature of the Company's operations results in significant expenditures for the acquisition, maintenance and exploration of mineral properties. To date, the Company has not generated any revenue from mining or other operations as it is considered to be in the exploration stage.

The Company's ability to continue operations in the normal course of business is dependent on several factors, including its ability to secure additional funding.

As at June 30, 2019 and August 22, 2019, the Company did not have sufficient working capital to meet its corporate development, administrative and property objectives and obligations for the period through March 31, 2020.

In the event the Company is unable to arrange appropriate financing in the future, the carrying value of the Company's assets and liabilities could be subject to material adjustment and the Company will not be able to meet its obligations as they become due in the normal course of business. Furthermore, these conditions indicate the existence of a material uncertainty that raises doubt as to the Company's ability to continue as a going concern.

In August 2019, the Company announced that it was selling its interest in the Gold Canyon project, to McEwen for consideration of 300,000 McEwen common shares (see 'Sale of Gold Canyon Property'). Management is seeking to monetise all or part of the McEwen shares.

Dividends

The Company has neither declared nor paid any dividends on its common shares to date. The Company does not anticipate paying any dividends on its common shares in the foreseeable future.

Contractual commitments

The Company is responsible for remediating ground on its Hurricane Property on which it undertook trenching activity in Q3 2018. In this regard, the Company was required to post a reclamation bond of US\$ 56,066 with the BLM.

The Company is responsible for remediating ground on its Gold Bar Property and Gold Canyon Property on which it undertook drilling activity in Q1 2019. In this regard, the Company was required to post reclamation bonds totalling US\$ 25,123 with the BLM.

The Company is responsible for remediating ground on its Gold Bar Property on which it undertook further drilling activity in Q4 2019. In this regard, the Company was required to post reclamation bonds totalling US\$ 18,877 with the BLM.

The bonds will be refunded in full once reclamation work has been completed to the satisfaction of the BLM. Management is actively seeking to recover a number of the foregoing balances.

The Company is required to make certain option and lease payments to third parties in order to maintain its mineral properties and agreements in good standing. Such expenditures to be incurred in the year ended March 31, 2020 comprise US\$ 20,000 due in February 2019 in respect of Hurricane.

Estimated annual claim maintenance expenditures (BLM and county charges) to be incurred in August 2019 relating to the Company's current portfolio of properties amount to approximately US\$ 90,000.

Otherwise, the Company had no significant medium- or long-term contractual commitments as at June 30, 2019 or August 22, 2019 beyond its stated liabilities and other commitments associated with its mineral properties and related lease and option agreements.

Legal proceedings

The Company was not involved in any legal proceedings as at either June 30, 2019 or August 22, 2019.

Off-balance sheet arrangements

The Company is not a party to any off-balance sheet arrangements.

Transactions with related parties

The Company incurred the following expenses resulting from transactions with related parties including officers and directors and companies that are controlled by officers and directors of the Company:

	3 months ended June 30, 2019	Year ended March 31, 2019
Remuneration of officers of the Company (1)	\$ 102,829	\$ 100,000
Recharge of exploration, claim and local administrative expenditures	19,977	133,920
Stock-based compensation relating to stock options issued to officers and directors of the Company	18,248	147,228
Professional fees charged by a company controlled by the former CFO	-	8,000
	\$ 141,054	\$ 389,148

Certain exploration, local administrative (Nevada office), claim acquisition and claim maintenance expenditures are charged to the Company by Tectonex LLC, a company owned by the Company's VP Exploration. Such charges totalled US\$ 14,936 (\$19,977) in the three months ended June 30, 2019 (year ended March 31, 2018: US\$ 106,036 (\$133,920)). All such expenditures are recharged to the Company without margin or discount at the actual cost incurred by Tectonex

The Company owed the following amounts to related parties including officers and directors or companies that are controlled by officers and directors of the Company:

	June 30, 2019	March 31, 2019
Deferred amount due to the President (due Dec. 31, 2019)	\$ 64,398	\$ 64,398
Amounts owing to directors and officers relating to the reimbursement of expenses	9,020	14,277
Amount owing to Tectonex relating to the recharge of exploration, claim and local administrative expenditures	(4,606)	1,105
	<u>\$ 68,812</u>	<u>\$ 79,780</u>

In January 2019, the Company announced that it had agreed to settle \$75,000 in outstanding liabilities owed to Dennis Moore, the Company's President and a director of the Company, in connection with unreimbursed expenses through the issuance of 500,000 common shares at a deemed price of \$0.15 per share; the terms of the debt settlement agreement were approved by the TSX-V in February 2019 following which the shares were issued. In addition, the President agreed to defer payment of a further \$64,398 owing to him in respect of unpaid remuneration and unreimbursed expenses until December 31, 2019.

Outstanding share data

The Company has authorized capital of an unlimited number of common shares without nominal or par value and an unlimited number of preferred shares without nominal or par value.

The Company had the following common shares, warrants and stock options outstanding as at both June 30, 2019 and August 22, 2019:

Issued and outstanding common shares	53,504,302
Fully diluted	67,152,833
Share purchase warrants:	
June 29, 2020 (\$0.25)	5,023,566
June 30, 2020 (\$0.25)	105,000
Dec. 5, 2020 (\$0.20)	4,394,965
	<u>9,523,531</u>
Stock options	4,125,000

Cautionary Statement on Forward-Looking Information

This MD&A document contains 'forward-looking information' and 'forward-looking statements' (together, the "forward-looking statements") within the meaning of applicable securities laws. Such forward-looking statements concern the Company's anticipated operations in future periods, planned exploration and development of its properties, and plans related to its business and other matters that may occur in the future. This information relates to analyses and other information that is based on expectations of future performance and planned work programs. These forward-looking statements are made as of August 22, 2019.

Users of forward-looking statements are cautioned that actual results may vary from the forward-looking statements contained herein. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed

or implied by such forward-looking statements. Forward-looking statements should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to:

- Risks related to the exploration and development of natural resource properties
- Risks related to the uncertainty of mineral resource calculations and the inclusion of inferred mineral resources in economic estimations
- Risks related to fluctuations in future metal prices (particularly gold prices)
- Risks related to market events and conditions
- Risks related to governmental regulations, including without limitation, environmental laws and regulations
- Risks related to delays in obtaining governmental or regulatory approvals, licenses or permits
- Risks related to the Company's mineral properties being subject to prior unregistered agreements, transfers or claims and other defects in title
- Risks related to uncertainty associated with the Company's ability to obtain funding in the future
- Risks related to the Company's inability to meet its financial obligations under agreements to which it is a party (see 'Liquidity and going concern')
- Risks related to competition from larger companies with greater financial and technical resources, and
- Risks related to the Company's directors and officers becoming associated with other natural resource companies which may give rise to conflicts of interest.

Other risk factors associated with the Company are identified in the document entitled 'Filing Statement of Palisades Ventures Inc.' dated as at May 29, 2017 which is available on www.sedar.com.

Although the forward-looking statements contained in this document are based upon what management of the Company believes are reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this document, and the Company assumes no obligation to update or revise them to reflect new events or circumstances except as may be required under applicable securities laws. There can be no assurance that forward-looking statements, or the material factors or assumptions used to develop such forward-looking statements, will prove to be accurate. Accordingly, readers should not place undue reliance on forward-looking statements.