FENIXORO GOLD CORP.
(FORMERLY AMERICAN BATTERY METALS CORP.)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MAY 31, 2020

FORM 51-102F1

DATE AND SUBJECT OF REPORT

The following Management Discussion & Analysis ("MD&A") is intended to assist in the understanding of the trends and significant changes in the financial condition and results of operations of FenixOro Gold Corp. (formerly American Battery Metals Corp.) (hereinafter "FenixOro" or the "Company") for the three months ended May 31, 2020.

The MD&A has been prepared with an effective date of July 30, 2020 and should be read in conjunction with the Company's audited financial statements for the year ended February 29, 2020 and condensed interim consolidated financial statements for the three months ended May 31, 2020 as filed on SEDAR at *www.sedar.com.*

SCOPE OF ANALYSIS

The following is a discussion and analysis of FenixOro. The Company reports its financial results in Canadian dollars and in accordance with International Financial Reporting Standards ("IFRS"). All reported financial information includes the financial results of FenixOro.

FORWARD LOOKING STATEMENTS

Certain information included in this MD&A may constitute forward-looking statements. Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements.

Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company may differ materially from those reflected in forward-looking statements due to a variety of risks, uncertainties and other factors. The Company's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made, and the Company does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change except as required by law. For the reasons set forth above, investors should not place undue reliance on forward-looking statements. Important factors that could cause actual results to differ materially from the Company's expectations include uncertainties involved in disputes and litigation, fluctuations in commodity prices and currency exchange rates; uncertainties relating to interpretation of drill results and the geology, continuity and grade of deposits; uncertainty of estimates of capital and operating costs, recovery rates, production estimates and economic return; the need for cooperation of government agencies and native groups in the exploration and development of properties and the issuance of required permits; the need to obtain additional financing to *develop properties and uncertainty as to the availability and terms of future financing; the possibility of delay in exploration or development programs or in construction projects and uncertainty in meeting anticipated program milestones; the assumption that the Company will become fully compliant with regulatory filing and continued listing requirements, in addition uncertainty as to timely availability of permits and other government approvals and other risks and uncertainties disclosed in other information released by the Company from time to time and filed with the appropriate regulatory agencies.*

It is the Company's policies that all forward-looking statements are based on the Company's beliefs and assumptions which are based on information available at the time these assumptions are made. The forward-looking statements contained herein are as of June 29, 2020 and are subject to change after this date, and the Company assumes no obligation to publicly update or revise the statements to reflect new events or circumstances, except as may be required pursuant to applicable laws. Although management believes that the expectations represented by such forward-looking information or statements are reasonable, there is significant risk that the forward-looking information or statements may not be achieved, and the underlying assumptions thereto will not prove to be accurate.

Actual results or events could differ materially from the plans, intentions and expectations expressed or implied in any forward-looking information or statements, including the underlying assumptions thereto, as a result of numerous risks, uncertainties and other factors such as those described above and in "Risks and Uncertainties" below. The Company has no policy for updating forward looking information beyond the procedures required under applicable securities laws.

Additional information related to the Company is available for view on SEDAR at www.sedar.com.

SIGNIFICANT TRANSACTION

On May 19, 2020, the Company completed a definitive agreement (the "Definitive Agreement") to acquire (the "Transaction") Fenix Gold Inc., a private company ("Fenix").

Under terms of the agreement, the Company issued 29,000,000 common shares to the shareholders of Fenix in exchange for all of the issued and outstanding shares of Fenix, representing 1.041414 (the "Exchange Ratio") shares of the Company for each share of Fenix. The Company also issued 2,000,000 common shares pursuant to a finder's fee agreement. In addition, the Company issued 4,006,095 common share purchase warrants in exchange for all the issued and outstanding share purchase warrants of Fenix. The directors and officers of the Company have entered into escrow agreements (the "NP Escrow Agreement") with the Company in accordance with National Policy 46-201, Escrow for Initial Public Offerings. Certain other shareholders have entered into a voluntary escrow agreement (the "Voluntary Escrow Agreement" and together with the NP Escrow Agreement, the "Escrow Agreements") with the Company and the escrow agent. A total aggregate of 23,981,061 shares (the "Escrowed Shares"), have been placed into escrow pursuant to the Escrow Agreements. Fifty percent of the Escrowed Shares held pursuant to the Voluntary Escrow Agreement will be released in four months following the Listing Date, and ten percent of the Escrowed Shares will be released every thirty days thereafter. In addition, the Company paid USD$250,000 to Fenix on signing of the Definitive Agreement.

The Transaction was completed by way of an amalgamation of Fenix with a wholly-owned subsidiary of the Company. This represents a fundamental change for the Company although with no contractual obligations for management or Board representation with Fenix shareholders representing 47% of the pro-forma Company.

Though the acquisition of Fenix Gold Inc, the company acquired the Abriaqui project located 15 km west of Continental Gold's Buritica project in Antioquia State at the northern end of the Mid-Cauca gold belt. As documented in "NI 43-101 Technical Report on the Abriaqui project Antioquia State, Colombia" (December 5, 2019), the geological characteristics of Abriaqui and Buritica are very similar. Abriaqui has not yet been drilled but surface and underground geological mapping and sampling as well as a preliminary magnetometry survey have been completed. The property is drill-ready pending finalization of the government permitting process.

GENERAL BUSINESS AND DEVELOPMENT

FenixOro Gold Corp was incorporated on March 2, 2017 under the laws of the province of British Columbia. The Company's principal business activity is the exploration for mineral resources in Colombia and in the USA. The Company's registered office and principal place of business is 700 – 350 Bay Street, Toronto, Ontario, Canada.

On November 27, 2018, the Company completed its Initial Public Offering ("IPO") and its common shares were approved for trading on the Canadian Securities Exchange (the "CSE") under the trading symbol FDIV. On March 11, 2019, the Company changed its name from First Division Ventures Inc. to American Battery Metals Corp. and traded under the symbol "ABC" on the CSE. On May 21, 2020, the Company changed its name to FenixOro Gold Corp and traded under the symbol "FENX" on the CSE.

On May 20, 2020, the Company issued 200,000 common shares with a fair value of $39,000 pursuant to a financial consulting agreement with Leede Jones Gable Inc.

On May 25, 2020, the Company granted 5,165,000 stock options to certain directors, consultants, and officers with an exercise price of $0.26 and expiry date of May 25, 2025. The options fully vest on May 25, 2021.

During the three months ended May 31, 2020, the Company issued 1,798,571 common shares pursuant to the exercise of share purchase warrants for proceeds of $262,278. The share purchase warrants exercised had an original fair value of $nil recorded in the reserve.

Subsequent to May 31, 2020, the Company issued 7,900,000 common shares pursuant to the exercise of share purchase warrants for total proceeds of $1,196,375.

Subsequent to May 31, 2020, the Company issued 600,000 common shares pursuant to the exercise of stock options for total proceeds of $120,000.

The outbreak of the novel strain of coronavirus, specifically identified as COVID-19, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to business globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Corporation in future periods.

RESULTS OF OPERATIONS

Three months ended May 31, 2020

The Company incurred a net loss of $262,482 for the three months ended May 31, 2020, compared to a net loss of $741,132 during the three months ended May 31, 2019. During the comparative period, the company was in the process of promoting the company and therefore had significant advertising and promotion expenses.

The total operating expenses of $298,674 for the three months ended May 31, 2020 (2019 – $734,783) decreased by $436,109 from the same period in the prior year due to the following significant changes:

- Administration expense increased by $8,951 due to expenses associated with administration of the Company's new subsidiary.

- Advertising and promotions decreased by $402,203 due to spending on shareholder awareness and social media consulting in the prior year.

- Consulting increased by $16,706 due to consulting agreements related to the Company's new subsidiary. Also, the Company granted shares valued at $39,000 to an external consultant during the quarter.

- Exploration expenditures decreased by $80,698 due to the Company transitioning from Fish Lake and Temple Mountain to focus on the acquired assets of Fenix Gold Inc.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the Company's financial results for the eight most recent quarters:

Quarter Ended	Revenue ($)	Total expenses ($)	Loss for the period ($)	Basic and Diluted Loss per share ($)
May 31, 2020	-	298,674	262,482	(0.01)
February 29, 2020	-	229,940	782,913	(0.03)
November 30, 2019	-	146,011	146,011	(0.01)
August 31, 2019	-	326,067	326,614	(0.01)
May 31, 2019	-	734,783	741,132	(0.03)
February 28, 2019	-	326,027	327,334	(0.00)
November 30, 2018	-	125,044	124,235	(0.00)
August 31, 2018	-	57,780	58,633	(0.01)

The net loss in the three months ended May 31, 2020 decreased by $520,431 mainly due to the write off of the mineral property option agreements as well as the write off of the loan receivable in the prior quarter.

The net loss in the three months ended February 29, 2020 increased by $455,579 mainly due to the write off of the mineral property option agreements totaling $302,152 as well as the write off of the loan receivable from E.U. Energy Corp for $250,000.

The net loss of $146,011 for the three months ended November 30, 2019 has decreased by $180,056 compared to the last quarter ended August 31, 2019. This decrease is mainly due to the decrease in advertising and promotion, exploration, and consulting expenses.

During the three months ended August 31, 2019, the Company had a net loss of $326,614, which is a decrease from the previous quarter of $414,518 mainly due to a decrease in advertising and promotions expenses.

During the three months ended May 31, 2019, the Company had a net loss of $741,132, which is an increase from the previous quarter of $413,798 due to increased operational activity and an increase in advertising and promotions expenses, consulting expenses and exploration expenditures.

The Company incurred a net loss of $327,334 for the three months ended February 28, 2019 compared to $195,648 for the comparable period ended February 28, 2018. The loss in the quarter ended February 28, 2019 relates primarily to legal fees in connection with the IPO, and increased consulting fees as the Company completed an employment contract with the CEO. The Company also recognized a non-cash expenditure of $170,012 relating to the grant of options to certain directors and officers of the Company.

CHANGE IN FINANCIAL CONDITION

During the three months ended May 31, 2020, the Company issued 1,798,571 common shares pursuant to the exercise of warrants for cash proceeds of $262,278.

Subsequent to May 31, 2020, the Company:

- issued 7,900,000 common shares pursuant to the exercise of share purchase warrants for proceeds of $1,196,375.
- Issued 600,000 common shares pursuant to the exercise of stock options for proceeds of $120,000

LIQUIDITY AND CAPITAL RESOURCES

As at May 31, 2020, the Company had working capital of $338,707 (February 28, 2020 - $1,540,675).

During the three months ended May 31, 2020, the Company incurred primarily expenditures associated with maintaining the operations of the Company, with the exception of costs associated with the acquisition of Fenix Gold Inc.

The Company has no operations that generate cash flows and its long-term financial success is dependent on discovering properties that contain mineral reserves that are economically recoverable or engaging in other profitable business ventures and opportunities.

The Company is dependent on the sale of treasury shares to finance its exploration activities, property acquisition payments and general and administrative costs. The Company will have to raise additional funds in the future to continue its operations. There can be no assurance, however, that the Company will be successful in its efforts. If such funds are not available or other sources of financing cannot be obtained, then the Company will be forced to curtail its activities.

PROJECT SUMMARIES AND ACTIVITIES

The Abriaqui Project

The Abriaqui Project consists of four mining claims. Two claims (HEQJ-04 and SHG-08021) are 100% owned by Fenix, through its wholly-owned subsidiaries. The third and fourth claims are held pursuant to a joint venture agreement with a local mining co-operative (the "Joint Venture Agreement") whereby Fenix, through its wholly-owned subsidiaries, has acquired a 35% ownership interest and has the right to earn-in up to 90% interest in the claims (50% ownership upon completion of a USD $50,000 subtraction report and production facility, and USD $100,000 payment; 90% ownership upon USD $900,000 exploration expenses and USD $100,000 payment).

Property Description and Location

The claims at the project (Figure 1) total 546.57 hectares. The nature and extent of the Fenix's title to or interest in the property, obligations that must be met to retain the property and the expiration date of claims, licenses and other property tenure rights is as follows:

MINE TITLE – EXPIRATION DATE				
MINERAL TITLE	**HECTARES**	**MINE REGISTER DATE**	**EXPIRATION DATE**	**HOLDING ENTITY**
HIDJ-07	99.975	28/02/2008	27/02/2036	Abriaqui SAS, 35% interest, Joint Venture(1)
HEUC-06	194.2655	03/11/2004	3/11/2050	Abriaqui SAS, 35% interest, Joint Venture(1)
HEQJ-04	61.0600	10/04/2006	10/04/2036	Ecogold SAS, 100% interest(2)
SHG-08021	191.27795	NA	NA	Ecogold SAS, 100% interest(3)

Notes:

(1) Abriaqui SAS is a wholly owned subsidiary of Ecogold SAS, which is a wholly owned subsidiary of Fenix SAS. Fenix SAS is a wholly owned subsidiary of Fenix. Abriaqui SAS' ownership interest in this title is held pursuant to a Joint Venture Agreement (see section 22, Material Contracts) and its ownership interest is currently 35%. Abriaqui SAS has the right to earn up to a 90% interest in this title.

(2) Ecogold SAS owns a 100% interest in this title.

(3) This application was originally made in the name of Llave de Oro SAS. Llave de Oro SAS defaulted on its agreement with the title owners. Ecogold SAS acquired a 100% interest in this title from the title owners 18 via the acquisition of Abriaqui SAS with the title holders in 2018. For greater certainty, Ecogold SAS owns a 100% interest in this title. The registration is not able to be changed until the application is converted to an exploration claim, which is anticipated to be complete following the Closing of the Transaction, at which point this title will be registered in the name of Ecogold SAS.

There are no royalties, overrides, or back-in rights, or other agreement to which the property is subject. The property is not subject to any environmental liabilities. The small-scale production done by the local mining cooperative is fully permitted and does not utilize mercury or cyanide.

Fenix's subsidiaries are properly constituted and in good standing with the Colombian Chamber of Commerce. No permits are required to carry out the pre-drilling work that Fenix has been completing such as additional mapping, soil sampling, rock and channel sampling and geophysics. Fenix has received a special exemption from the Municipality of Abriaqui allowing it to continue with the program during the COVID-19 isolation period. Fenix is in the final stages of receiving the environmental permit to allow drilling. The application for the environmental permit was submitted in November and the permit is typically issued within a four month period. The typical period has been slowed slightly due to COVID related government slowdown but Fenix expects to receive the permit within 60 days of this Listing Statement.

To date there are no mineral resources or reserves on the property. No tailings ponds or waste dumps of significant size are present however there are approximately 80 small adits which have been created by generations of subsistence mining. All known vein-type mineralized zones and small mine openings are shown in Figure 1.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Abriaqui Property is located approximately 65 kilometers northwest of the city of Medellin in the state of Antioquia, Colombia. It is accessed by paved road from Medellin via the Pan American Highway to the town of Frontino (150 km) and thence on improved dirt road approximately 18 km to the property (Figure 2). Access is via two-wheel drive vehicle.

Climate in the area has no effect on operations and the work season for exploration and development is 12 months

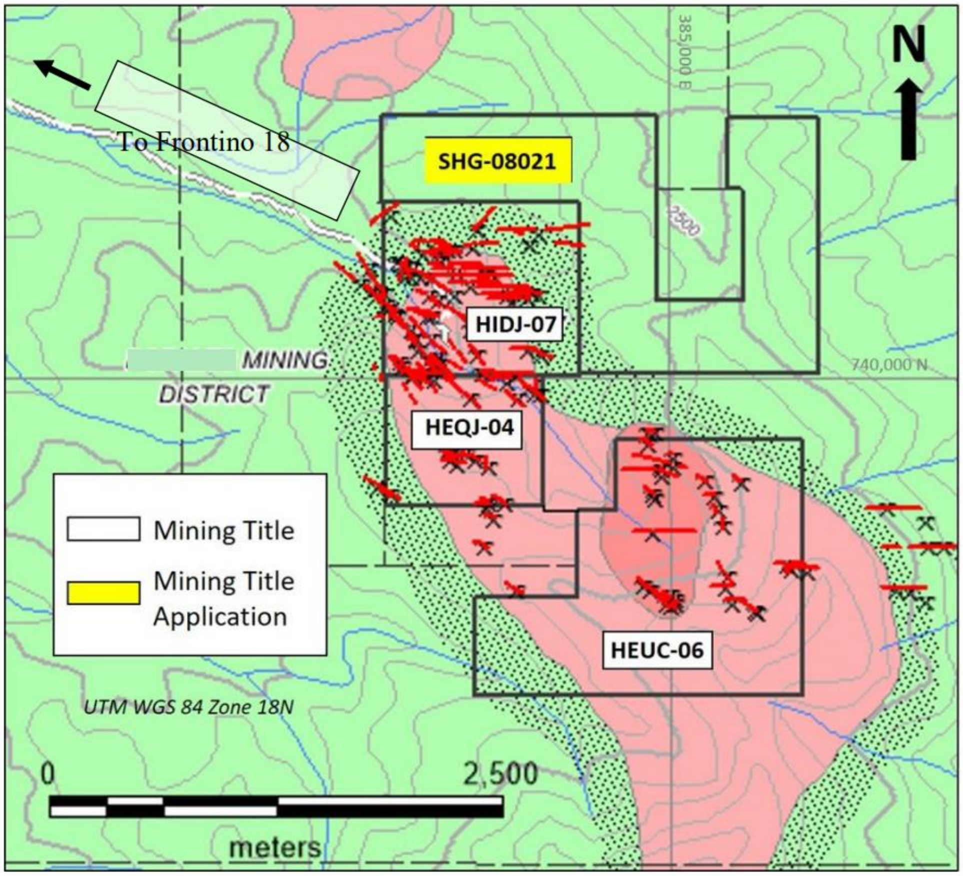

Figure 1. Mining licenses, applications and known vein-type occurrences in the project area.

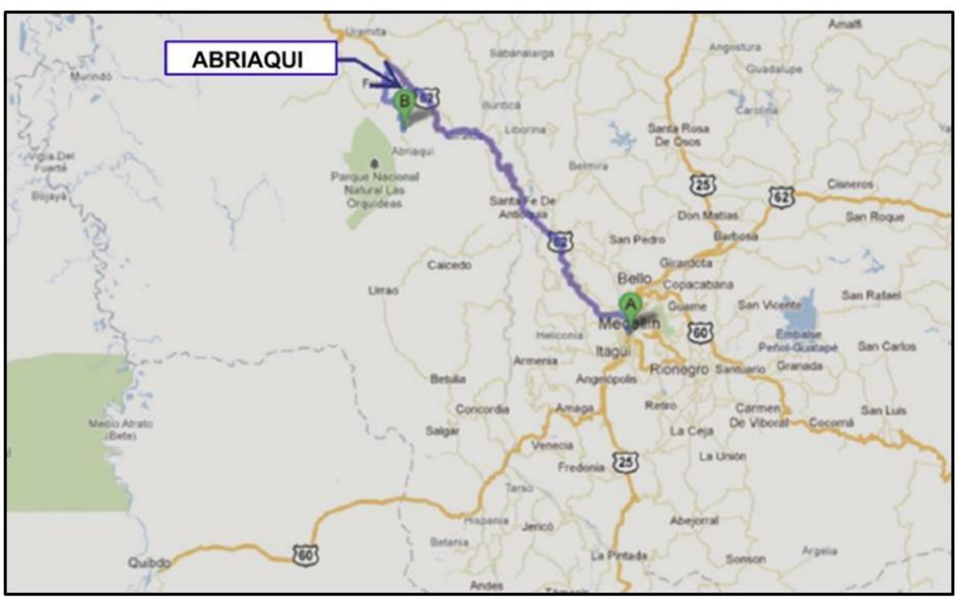

Figure 2. Access to the project area from Medellin, Antioquia

No surface rights have been acquired as the project is in the early stages of exploration. Local landowners hold an interest in a portion of the project and the relationship is very good. As it is in the local partners' To Frontino 18 km. 20 economic interest to provide surface rights, the Company believes there will be no issue with this negotiation at the appropriate time. Power is available from Frontino and will undergo appropriate upgrades when required. Water is readily available. Room for tailings and waste disposal are available and sufficient personnel for field staffing of exploration programs are locally available

The climate is warm and tropical. The humidity is high, generally 80 - 90%. The terrain in the Abriaqui Project area is rugged with elevations ranging from around 600 meters, at the Cauca River valley to the east, to a maximum of 2,800 m.

History

Ownership of two of the four claims (100% owned HEQJ-04 and SHG-08021) was acquired in 2017. The two remaining claims are owned by Asominerales SAS, a local, legal small-scale mining cooperative. In 2011 Asominerales entered into a Joint Venture agreement with a private Canadian company who, through a Colombian subsidiary named Minera Popales, carried out exploration work on the properties that included mapping, sampling and ground geophysics. Minera Popales went into default in 2013 and lost its rights to the project. In May 2018 CGYD through its 100% owned subsidiary Ecogold SAS acquired the rights to the properties through the current option agreement to earn 90% ownership. Aside from John Carlesso and 2342982 Ontario there are no relationships with any vendors of the properties.

Geologic Setting

The regional geology in the Abriaqui area is similar to the Cauca Canyon belt of gold mineralization associated with Upper Miocene porphyry stocks of intermediate composition intruding fine grained, deep water, locally carbonaceous marine sediments of Cretaceous age. At the property scale a Miocene age diorite stock intrudes carbonaceous siltstones with the formation of a hornfelsed contact zone (Figure 3). More than 80 gold-bearing veins were formed within the stock and hornfels zone.

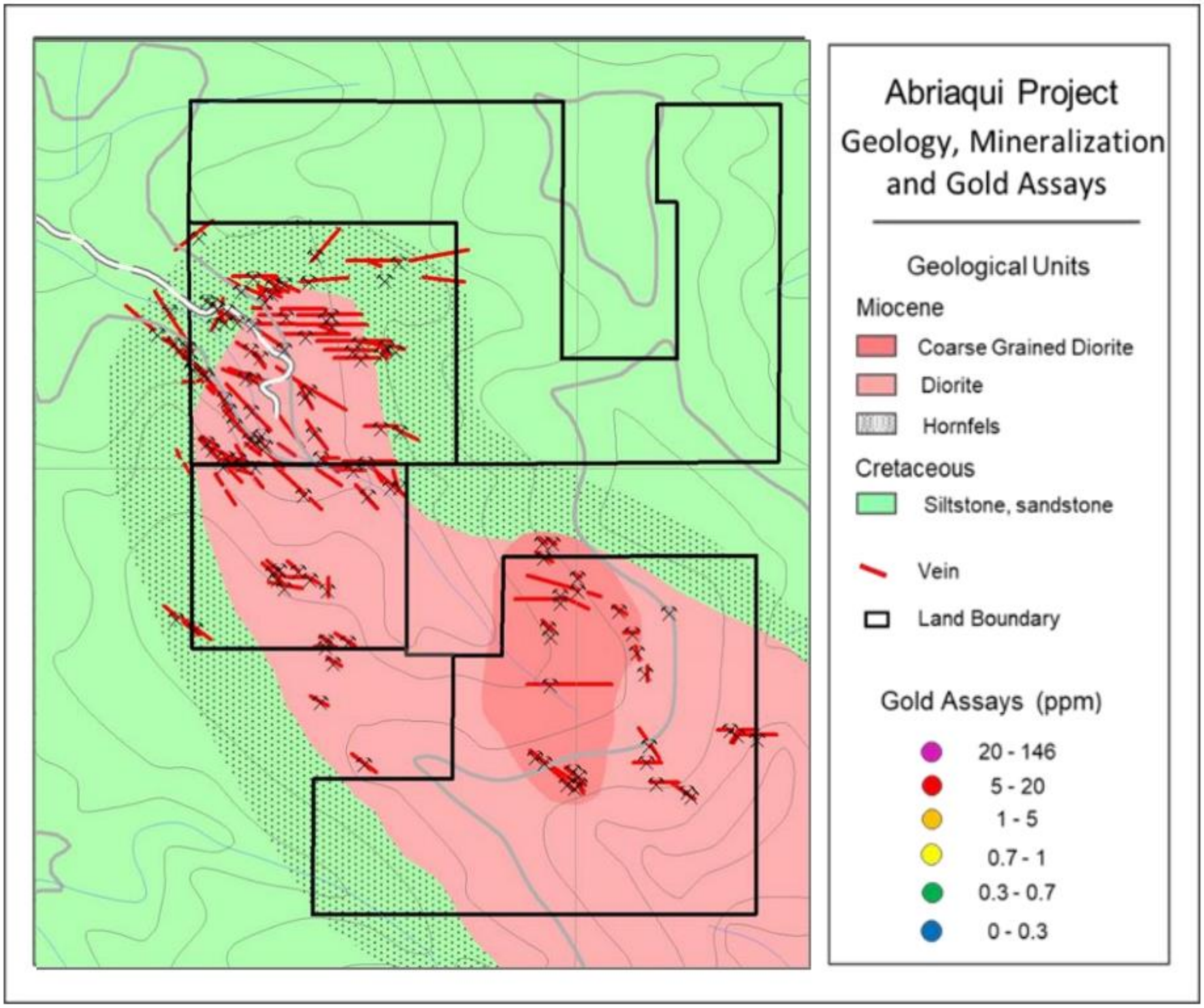

Figure 3. Geology and Mineralization

Exploration

To date surface geologic mapping and surface and shallow underground chip and channel rock sampling has been completed over an area of approximately 200 hectares. Additionally, a program of surface magnetometry has been completed over a 500 x 600m area. The next phase of exploration activity will include additional surface sampling and geophysics and a planned 6000 meters of diamond drilling to test vein and porphyry targets.

Approximately 380 rock samples have been collected and analyzed for gold and a suite of 31 additional elements. All of the 80 veins sampled are anomalous in gold and many of them have grades in excess of 20 grams per tonne gold (Figure 4.) Additionally, most veins are strongly anomalous in silver, copper, lead and zinc.

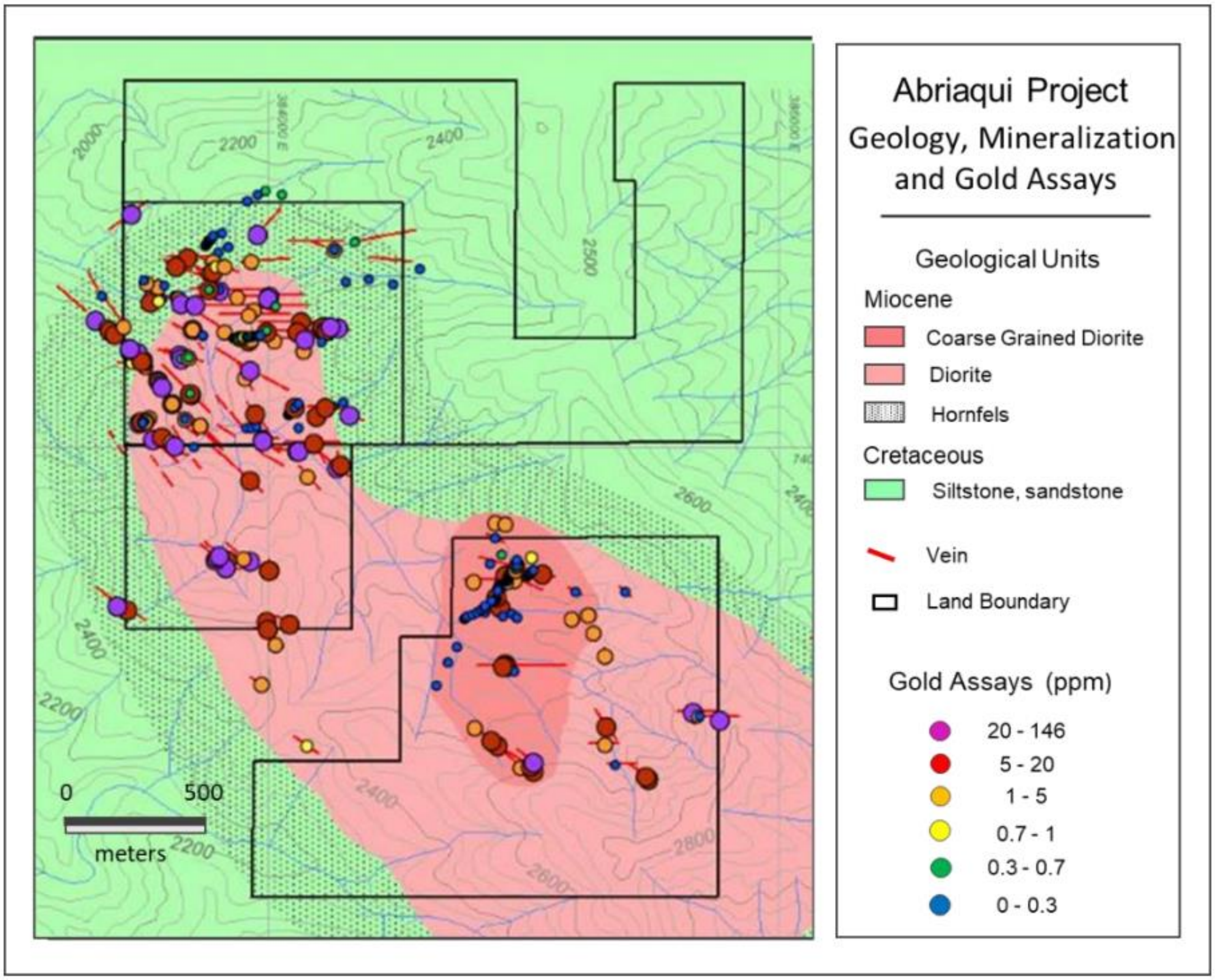

Figure 4. Gold grades in surface sampling program.

Several areas of sulfide bearing silica flooding between veins carry gold with intercepts of 1-7 meters of 1 – 2.5 g/t gold. +20 gram per tonne gold grade is noted in both vein types mentioned below all across the +800 vertical meter extent of vein outcrops. Copper values > 5000 ppm are noted in most veins in the southern part of the property. The preliminary ground magnetometry program outlined areas of significant magnetic highs in the central portion of the property. Follow-up work will determine if these are related to lithologic changes, alteration-related magnetite and/or pyrrhotite.

Results to date indicate that a well mineralized vein system with potentially ore grade veins exists on the property. The close vein spacing and numerous areas of mineralized interstitial siliceous material indicate the potential for areas of combined vein/wallrock bulk mineralization from several meters to tens of meters thick. The individual veins are clearly ore grade in gold so the grade and distribution of the intervening material will be key to determining bulk mining potential.

Mineralization

Mineralization encountered on the property consists of at least 80 individual veins developed in the diorite and adjacent hornfelsed sediments. Several areas between the closely spaced veins are densely silica flooded, sulfide bearing, and gold mineralized. Individual veins range in thickness from 15 – 180 cm and in the northwestern part of the property are spaced from 10 – 50 meters apart (see Figures). The areas of interstitial silicification range from 2 – 20 meters in thickness. Vein mineralogy is of two main types: pyrite – pyrrhotite +/- arsenopyrite and pyrite – galena – sphalerite, both in a matrix of quartz. No direct data are available as to depth of the veins as mine workings are shallow and no drilling has yet been done however veins are exposed over a minimum 800 meter vertical extent on the property and are similar to several other districts along the Miocene Cauca trend which have proven economic vein depths of several hundred meters (Buritica, Marmato). Additional potential exists on the property for lower grade bulk gold +/- copper mineralization of the porphyry style. Though this style of mineralization has not yet been seen on surface, rock alteration indicative of porphyry potential (quartz-magnetite veining, quartz sericite pyrite alteration, secondary biotite) has been seen and several porphyry deposits are known along this geological trend.

Drilling

No drilling has yet been done in the project area.

Sampling and Analysis

Approximately 373 samples including duplicates were taken from surface outcrops and from shallow underground workings. Most were chip and channel samples taken from veins, vein selvages, and areas between closely spaced veins. Samples were taken on a geological basis in areas of existing mine workings and outcrops and little sampling has been done in intervening areas which are heavily vegetated.

The quality of chip and channel samples in veins is good but in some areas between veins intense silica flooding prevented fully representative channel sampling. A follow up program will include channels cut with a rock saw to resample these areas. Overall, the samples are considered to adequately represent grades and thicknesses of the mineralized areas sampled.

Duplicate samples were taken in the field for every 20th sample and certified reference standards for gold and blanks were inserted in each batch of samples sent to ALS Chemex. A total of 51 blanks and standards were included. Results of the QA/QC program indicate that the assay numbers received are of acceptable quality.

Mineral Resources and Mineral Reserves

No mineral resources or reserves have been calculated within the project area.

Exploration Plan

An 18-month exploration plan has been developed which includes additional ground magnetics and soil sampling to cover all known areas of mineralization. A two-phase, 6000m program of diamond drilling is planned to begin after the required permitting process.

Temple Mountain Property, Utah, USA

On February 6, 2019, the Company entered an option agreement with GeoXplor Corp. ("GeoXplor") to acquire 100% of GeoXplor's interest in the Temple Mountain property ("Temple Mountain Property") located in Emery County, Utah. Under the agreement, the Company was to pay USD$635,000 of which US$60,000 was paid, issue 3,250,000 shares of which 500,000 were issued and meet exploration expenditure requirements.

During the year ended February 29, 2020, the Company has determined it was not going to continue exploring the property; therefore, the Company wrote off the carrying value of the property.

Fish Lake Property, Nevada, USA

On September 25, 2017, the Company entered into an option agreement with Bearing Lithium Corp. ("Bearing"), whereby the Company has the option to acquire 50% of Bearing's interest in 81 lode mineral claims located in Esmeralda County in the State of Nevada, known as the "Fish Lake Property". Under the amended agreement, the Company was to pay $20,000 (paid), issue 3,000,000 common shares (none issued) and meet exploration expenditure requirements. The Company paid an additional $10,000 on the signing of the amendment.

During the year ended February 29, 2020 the Company determined it would not continue exploring the property; therefore, the Company wrote off the carrying value of the property.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

During the three months ended May 31, 2020, the following related party transactions occurred:

	May 31, 2020	May 31, 2019
Consulting	$ 22,500	$ 48,000
Share-based compensation	12,336	-
Total	$ 34,836	$ 48,000

(a) The Company expensed consulting fees $nil (2019 - $18,000) to JCL Partners Chartered Professional Accountants, a Company controlled by previous Chief Financial Officer of the Company.

(b) The Company expensed consulting fees of $nil (2019 - $30,000) to Michael Mulberry, a former officer and director of the Company.

(c) The Company expensed consulting fees of $22,500 (2019 – $nil) to Nico Consulting Inc., a company controlled by Jeremy Poirier, a former officer and director of the Company. As at May 31, 2020, the Company owed $2,500 (February 28, 2020 - $nil) to Nico Consulting for consulting services.

(d) As at May 31, 2020, the Company was indebted to John Carlesso, the CEO of the Company, in the amount of $267,281. This amount was included as part of the cost of acquisition of Fenix (note 5) and is included in accounts payable.

(e) Share based compensation of $12,836 (2019 – $nil) was recorded on stock options granted to directors and officers of the Company

All related party transactions are in the normal course of operations and have been measured at the agreed to amounts, which is the amount of consideration established and agreed to by the related parties.

CONTINUING AND CONTRACTUAL OBLIGATIONS

The Company does not have any continuing and contractual obligations beyond the property option agreements outlined above.

CONTINGENCIES

On April 30, 2020, Califfi Capital Corp. ("Califfi"), a capital pool company listed on the TSX Venture Exchange (the "Exchange"), filed a statement of claim in the British Columbia Supreme Court against, inter alia, Fenix Gold Inc. ("Fenix"), alleging breach of contract and breach of a duty of good faith, resulting from the failure of the parties to complete a business combination, which would have constituted the "qualifying transaction" of Califfi (as that term is defined under the policies of the Exchange). Fenix had previously signed a letter of intent with Califfi with respect to a proposed business combination, which letter of intent expired pursuant to its terms on May 15, 2019. On June 17, 2020, Fenix filed a statement of defense in the B.C. Supreme Court, and intends to defend any and all claims relating to this litigation, which it considers baseless.

RISKS AND UNCERTAINTIES

The Company is in the mineral exploration and development business and is exposed to a number of operational, financial, regulatory, and other risks and uncertainties that are typical in the natural resource industry and common to other companies in the exploration and development stage. These risks may not be the only risks faced by the Company. Additional risks and uncertainties not presently known by the Company or which are presently considered immaterial could adversely impact the Company's business, results of operations, and financial performance in future periods.

Exploration and Development

Exploration and development of natural resources involve a high degree of risk and few properties which are explored are ultimately developed into producing properties. There is no assurance that the Company's exploration and development activities will result in any discoveries of commercial bodies of ore. The long-term profitability of the Company's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors.

Substantial expenditures are required to establish reserves through drilling, to develop processes to extract the resources and, in the case of new properties, to develop the extraction and processing facilities and infrastructure at any site chosen for extraction. Although substantial benefits may be derived from the discovery of a major deposit, no assurance can be given that resources will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis.

Exploration for natural resources involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of resources, any of which could result in work stoppages, damage to persons or property and possible environmental damage.

Although the Company has or will obtain liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable, or the Company might not elect to insure itself against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant costs that could have a material adverse effect upon its financial condition.

Government Laws, Regulation & Permitting

Mining and exploration activities are subject to both domestic and foreign laws and regulations governing prospecting, development, production, taxes, labor standards, occupational health, mine safety, waste disposal, toxic substances, the environment and other matters. Although the Company believes that all exploration activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing the operations and activities of the Company or more stringent implementation thereof could have a substantial adverse impact on the Company.

The operations of the Company will require licenses and permits from various governmental authorities to carry out exploration and development at its projects. There can be no assurance that the Company will be able to obtain the necessary licenses and permits on acceptable terms, in a timely manner or at all. Any failure to comply with permits and applicable laws and regulations, even if inadvertent, could result in the interruption or closure of operations or material fines, penalties or other liabilities.

Additional Financings

In order to acquire and develop new properties or assets, the Company will be required to raise additional capital. There is no assurance that the Company will be successful in raising sufficient funds to meet its obligations or to complete all of the required exploration requirements.

Key Management and Competition

The success of the Company will be largely dependent upon the performance of its key officers, consultants, and employees. Locating mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration personnel involved. Failure to retain key individuals or to attract or retain additional key individuals with necessary skills could have a materially adverse impact upon the Company's success.

The mining industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than itself with respect to the discovery and acquisition of interests in mineral properties, the recruitment and retention of qualified employees and other persons to carry out its mineral exploration activities. Competition in the mining industry could adversely affect the Company's prospects for mineral exploration in the future.

Title to Properties

Acquisition of rights to the mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. Although the Company has investigated the title to all of the properties for which it holds concessions or other mineral leases or licenses or in respect of which it has a right to earn an interest, the Company cannot give any assurance that title to such properties will not be challenged or impugned.

Commodity Prices

Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The prices of mineral commodities have fluctuated widely in recent years. Current and future price declines could cause commercial production to be impracticable.

Conflicts of Interest

The Company's directors and officers may serve as directors or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms.

In accordance with the laws of British Columbia, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. 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 degree of risk to which the Company may be exposed and its financial position at that time.

Coronavirus Pandemic

The current outbreak of COVID-19 and any future emergence and spread of similar pathogens could have an adverse impact on global economic conditions, which may adversely impact the Company's operations, and the operations of its suppliers, contractors and service providers, the ability to obtain financing and maintain necessary liquidity. The outbreak of COVID-19 and political upheavals in various countries have caused significant volatility in commodity prices. While these effects are expected to be temporary, the duration of the business disruptions internationally and related financial impact cannot be reasonably estimated at this time.

Similarly, the Company cannot estimate whether or to what extent this outbreak and the potential financial impact may extend to countries outside of those currently impacted. Travel bans and other government restrictions may also adversely impact the Company's operations.

ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

Refer to the Company's financial statements for the year ended February 28, 2020 for description of accounting policies and other disclosures.

OUTSTANDING SHARE DATA

As at July 30, 2020, there are:

- 72,311,943 common shares outstanding (May 31, 2020 - 63,811,943)
- 5,680,000 stock options issued and outstanding (May 31, 2020 - 815,000)
- 12,921,095 share purchase warrants outstanding (May 31, 2020 - 21,371,095)
- nil brokers' warrants outstanding (February 29, 2020 - 615,534)

Subsequent to May 31, 2020, the following share capital transactions occurred:

- 7,900,000 common shares were issued pursuant to the exercise of share purchase warrants.
- 300,000 stock options were granted to certain consultants of the Company. The options are exercisable at a price of $0.405 per share and expire 5 years from the grant date.
- 600,000 common shares were issued pursuant to the exercise of stock options
- 415,534 brokers' warrants expired unexercised

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this MD&A on July 30, 2020, and the Company will provide copies upon requests.