FREEGOLD VENTURES LIMITED

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in U.S. Dollars)

December 31, 2019 and 2018

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Freegold Ventures Limited

Opinion

We have audited the accompanying consolidated financial statements of Freegold Ventures Limited (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, and the consolidated statements of loss and comprehensive loss, changes in equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company incurred a net loss of $366,443 and had a working capital of $194,472 during the year ended December 31, 2019. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Grant P. Block.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada — Chartered Professional Accountants

March 30, 2020

Freegold Ventures Limited
(An Exploration Stage Company)

Consolidated Statements of Financial Position

As at December 31,

(Expressed in U.S. Dollars)

ASSETS		**2019**		**2018**
Current				
Cash and cash equivalents	**$**	**1,168,089**	$	99,989
Restricted cash ((*Note 4)*		**71,950**		-
Amounts receivable		**21,792**		58,672
Prepaid expenses and deposits		**21,601**		40,141
		1,283,432		198,802
Exploration and Evaluation Properties *(Note 5)*		**37,867,103**		37,588,541
Property, Plant and Equipment *(Note 6 (a))*		**353,247**		360,988
Right-of-Use Asset *(Note 6 (b))*		**82,293**		-
	$	**39,586,075**	$	38,148,331

LIABILITIES				
Current				
Trade payables	**$**	**181,159**	$	260,653
Accrued liabilities		**27,043**		30,805
Current portion of lease liability *(Note 6 (b))*		**50,943**		-
Due to related parties *(Note 7)*		**829,815**		558,129
		1,088,960		849,587
Non-Current				
Lease liability (*Note 6(b))*		**35,922**		-
Restoration and environmental obligations *(Note 8)*		**239,808**		230,033
		1,364,690		1,079,620
EQUITY				
Share Capital *(Note 9)*		**86,714,664**		85,849,508
Reserves		**17,312,208**		16,677,246
Deficit		**(65,805,487)**		(65,458,043)
		38,221,385		37,068,711
	$	**39,586,075**	$	38,148,331

Nature and Continuance of Operations *(Note 1)*, **Commitments** *(Note 11)* and **Subsequent Event** *(Note 15)*

APPROVED AND AUTHORIZED FOR ISSUE ON BEHALF OF THE BOARD OF DIRECTORS:

"Gary Moore", Director *"David Knight"*, Director

- See Accompanying Notes -

Freegold Ventures Limited
(An Exploration Stage Company)

Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2019 and 2018

(Expressed in U.S. Dollars)

	Common Shares		Amount		Stock Options Reserve		Warrants Reserve		Foreign Currency Translation Reserve		Deficit		Total
Balance – December 31, 2017	**174,018,906**	**$**	**85,316,169**	**$**	**7,602,373**	**$**	**9,341,837**	**$**	**(785,538)**	**$**	**(64,697,062)**	**$**	**36,777,779**
Issuance and allotment of shares for:													
- Private placement *(Note 9a)*	14,935,000		918,794		-		-		-		-		918,794
- Value assigned to warrants *(Notes 9a and 9b)*	-		(372,760)		-		372,760		-		-		-
Share-based payments *(Note 9c)*	-		-		137,906		-		-		-		137,906
Share issuance costs *(Note 9a)*	-		(12,695)		-		-		-		-		(12,695)
Foreign currency translation adjustment	-		-		-		-		7,908		-		7,908
Loss for the year	-		-		-		-		-		(760,981)		(760,981)
Balance – December 31, 2018	**188,953,906**		**85,849,508**		**7,740,279**		**9,714,597**		**(777,630)**		**(65,458,043)**		**37,068,711**
Issuance and allotment of shares for:													
- Private placement *(Note 9a)*	31,492,304		1,483,583		-		-		-		-		1,483,583
- Value assigned to warrants *(Notes 9a and 9b)*	-		(603,249)		-		603,249		-		-		-
Share-based payments *(Note 9c)*	-		-		2,901		-		-		-		2,901
Incremental value on warrant modification *(Note 9c)*	-		-		-		47,811		-		-		47,811
Share issuance costs *(Note 9a)*	-		(15,178)		-		-		-		-		(15,178)
Foreign currency translation adjustment	-		-		-		-		(18,999)		-		(18,999)
Loss for the year	-		-		-		-		-		(347,444)		(347,444)
Balance – December 31, 2019	**220,446,210**	**$**	**86,714,664**	**$**	**7,743,180**	**$**	**10,365,657**	**$**	**(796,629)**	**$**	**(65,805,487)**	**$**	**38,221,385**

- See Accompanying Notes -

Freegold Ventures Limited
(An Exploration Stage Company)

Consolidated Statements of Loss and Comprehensive Loss

For the Years Ended December 31,

(Expressed in U.S. Dollars)

		2019		2018
General and Administrative Expenses				
Accretion *(Notes 6(b) & 8)*	**$**	**10,766**	$	9,378
Consulting fees *(Note 7)*		**9,066**		17,533
Depreciation *(Notes 6(a) & 6(b))*		**56,916**		8,169
Office and miscellaneous		**43,959**		43,631
Professional fees (*Note 7)*		**91,502**		106,429
Promotion and shareholder relations		**34,702**		81,203
Rent and utilities		**2,014**		52,622
Transfer, filing and other fees		**80,848**		79,446
Travel and transportation		**18,662**		85,799
Share-based payments *(Notes 7 and 9c)*		**2,901**		133,615
Wages, salaries and benefits *(Note 7)*		**142,883**		140,416
Total General and Administrative Expenses		**(494,219)**		(758,241)
Incremental value on warrant modification (*Note 9)*		**(47,811)**		-
Foreign exchange loss, net		**(8,517)**		(1,684)
Gain on forgiveness of debt		**20,013**		-
Interest and bank charges		**(7,267)**		(2,829)
Interest income		**15,458**		1,773
Management fee revenue (*Note 5)*		**174,899**		-
		146,775		(2,740)
Net Loss for the Year	**$**	**(347,444)**	$	(760,981)
Loss per Share – Basic and Diluted	**$**	**(0.00)**	$	(0.00)
Weighted Average Number of Shares Outstanding – Basic and Diluted		**199,048,699**		176,719,481
Comprehensive Loss				
Net loss for the year	**$**	**(347,444)**	$	(760,981)
Foreign currency translation adjustment		**(18,999)**		7,908
Total Comprehensive Loss for the Year	**$**	**(366,443)**		(753,073)

Freegold Ventures Limited
(An Exploration Stage Company)

Consolidated Statements of Cash Flows

For the Years Ended December 31,

(Expressed in U.S. Dollars)

Cash Resources Provided By (Used In)		**2019**		2018
Operating Activities				
Loss for the year	**$**	**(347,444)**	$	(760,981)
Items not affecting cash:				
Depreciation		**56,916**		8,169
Accretion		**10,766**		9,378
Incremental value on warrant modification		**47,811**		-
Gain on forgiveness of debt		**(20,013)**		-
Share-based payments		**2,901**		137,906
Net changes in non-cash working capital components:				
Amounts receivable		**37,177**		7,029
Prepaid expenses and deposits		**20,192**		7,728
Trade payables		**(19,188)**		69,488
Accrued liabilities		**(5,213)**		8,093
Due to related parties		**213,720**		117,752
		(2,375)		(395,438)
Investing Activities				
Exploration and evaluation property acquisition costs		**(53,000)**		(88,655)
Exploration and evaluation property deferred exploration costs		**(2,357,193)**		(1,074,665)
Exploration and evaluation property deferred exploration cost recovery		**1,931,421**		-
Overhead recovery		**200,000**		-
		(278,772)		(1,163,320)
Financing Activities				
Share capital issued		**1,483,583**		918,794
Share issuance costs		**(25,604)**		(2,269)
Repayment of lease liability		**(45,594)**		-
Restricted cash		**(71,950)**		-
		1,340,435		916,525
Effect of Foreign Currency on Cash and Cash Equivalents		**8,812**		(38,133)
Net Increase (Decrease) in Cash and Cash Equivalents		**1,068,100**		(680,366)
Cash and Cash Equivalents - Beginning of Year		**99,989**		780,355
Cash and Cash Equivalents - End of Year	**$**	**1,168,089**	$	99,989
Interest received	**$**	**10,755**	$	1,644
Income taxes paid	**$**	**-**	$	-
Supplemental Disclosure of Non-Cash Items				
Exploration expenditures included in trade payables and due to related parties	**$**	**256,079**	$	256,290
Share issuance costs included in trade payables	**$**	**-**	$	10,426
Share-based payments included in exploration and evaluation properties	**$**	**-**	$	4,291

1. Nature and Continuance of Operations

Freegold Ventures Limited (the "Company") is in the process of acquiring, exploring and developing precious and base metal properties. The Company will attempt to bring the properties to production, structure joint ventures with others, option or lease properties to third parties or sell the properties outright. The Company has not determined whether these properties contain ore reserves and the Company is considered to be in the exploration stage. The recoverability of the amounts expended by the Company on acquiring and exploring mineral properties is dependent upon future profitable production or selling the property.

The head office, principal address and registered records office of the Company is Suite 888 – 700 West Georgia Street, Vancouver, British Columbia, Canada, V7Y 1G5.

The Company's consolidated financial statements as at December 31, 2019 and for the year then ended have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company had a comprehensive loss of $366,443 the year ended December 31, 2019 (December 31, 2018 – $753,073) and had a working capital of $194,472 at December 31, 2019 (December 31, 2018 – working capital deficit of $650,785).

The Company had cash and cash equivalents of $1,168,089 at December 31, 2019 (December 31, 2018 - $99,989), but management cannot provide assurance that the Company will ultimately achieve profitable operations or become cash flow positive, or raise additional debt and/or equity capital. If the Company is unable to raise additional capital in the immediate future, management expects that the Company will need to curtail operations, liquidate assets, seek additional capital on less favourable terms and/or pursue other remedial measures or cease operations. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

In March 2020, the World Health Organization declared coronavirus (COVID-19) a global pandemic. This contagious disease outbreak, which has continued to spread, has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

2. Significant Accounting Policies

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

a) **Consolidation**

These consolidated financial statements include the accounts of the Company's wholly-owned subsidiaries, Free Gold Recovery, USA, Freegold Ventures Limited, USA, Grizzly Bear Gold Inc., Dolphin Gold Inc. (inactive) and McGrath Gold Inc. (inactive). All subsidiaries are US corporations which are involved in exploration and evaluation of properties. Inter-company balances are eliminated upon consolidation.

b) **Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments and share-based payments, the recognition and valuation of provisions for restoration and environmental obligations, the recoverability and measurement of deferred tax assets and liabilities, determination of functional currencies and ability to continue as a going concern. Actual results may differ from those estimates and judgments.

c) **Cash and Cash Equivalents**

The Company considers cash and cash equivalents to include amounts held in banks and highly liquid investments with remaining maturities at point of purchase of 90 days or less. The Company places its cash and cash equivalents with institutions of high-credit worthiness.

As at December 31, 2019, cash and cash equivalents includes a redeemable guaranteed investment certificate of $40,997 (December 31, 2018 - $38,838).

d) **Financial Instruments**

Financial instruments consist of financial assets and financial liabilities, and are initially recognized at fair value net of transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit and loss.

The Company classifies its financial assets and financial liabilities in the following measurement categories:

a) those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
b) those to be measured at amortized cost.

The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at the end of subsequent accounting periods. All other financial assets are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income. The Company's cash and cash equivalents, and amounts receivable are recorded at amortized cost.

Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition). Any fair value changes due to credit risk for liabilities designated at fair value through profit and loss are recorded in other comprehensive income. The Company's trade payables, accrued liabilities and due to related parties are recorded at amortized cost. The Company does not currently have any fair value through profit or loss financial liabilities.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Impairment of Financial Assets

An expected credit loss (ECL) model applies to financial assets measured at amortized cost, contract assets and debt investments at fair value through other comprehensive income, but not to investments in equity instruments. The Company's financial assets, measured at amortized cost and subject to the ECL model, include cash and cash equivalents, and amounts receivable.

IFRS 9 no longer requires a triggering event to have occurred before credit losses are recognized. An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments. In addition, IFRS 9 requires additional disclosure requirements about expected credit losses and credit risk.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods, if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as fair value through profit or loss ("FVTPL") or amortized cost. Financial liabilities classified as amortized cost are initially recognized at fair value less directly attributable transaction costs.

The Company's trade payables, accrued liabilities and due to related parties are classified at amortized cost. The Company does not currently have any FVTPL financial liabilities.

e) **Exploration and Evaluation Properties**

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Option payments received are treated as a reduction of the carrying value of the related exploration and evaluation properties and deferred costs until the receipts are in excess of costs incurred, at which time they are credited to income. Option payments are at the discretion of the optionee, and accordingly, are recorded on a cash basis.
Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of

interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

f) **Impairment**

The carrying amount of the Company's assets is reviewed for an indication of impairment at the end of each reporting period. If an indication of impairment exists, the Company makes an estimate of the asset's recoverable amount. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. Recoverable amount of an asset group is the higher of its fair value less costs to sell and its value in use. Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in profit or loss. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

g) **Restoration and Environmental Obligations**

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period. The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred. The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

h) **Property, Plant and Equipment**

Property, plant and equipment are recorded at cost and are amortized over their estimated useful lives using the declining balance method at the following annual rates, with half the rate being applied in the year of acquisition:

Automotive	30%
Computer equipment	30%
Exploration office	4%
Land	N/A
Office equipment	20%

Where an item of property, plant and equipment consists of major components with different useful lives, the components are accounted for as separate items of property, plant and equipment. Expenditures incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

i) **Share Capital**

Common shares and warrants are classified as equity. Incremental costs directly attributable to the issue of common shares, including warrants, are recognized as a reduction of equity, net of tax. For compound financial instruments, the relative fair value method is used to separate the components where the Company issues common shares and warrants as part of its equity financing activities.

The Company has adopted a relative fair value method with respect to the measurement of shares and warrants issued as private placement units. The relative fair value method allocates value to each component on a pro-rata basis, based on the fair value of the components calculated independently of one another. The Company considers the market value of the common shares issued as fair value and measures the fair value of the warrant component of the unit using the Black-Scholes option pricing model. The unit value is then allocated, pro-rata, between the two components, with the fair value attributed to the warrants being recorded to the warrants reserve.

j) **Share-Based Payments**

Share-based payments to employees are measured at the fair value of the instruments issued and recognized over the vesting periods using graded vesting. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the stock options reserve. The fair value of options, as determined using the Black-Scholes option pricing model which incorporates all market vesting conditions, is expensed. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that will eventually vest.

k) **Earnings (loss) per Share**

Basic earnings (loss) per share ("EPS") is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting year. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting year.

In a year where the Company reports a net loss, the effect of outstanding stock options and warrants would be considered anti-dilutive.

l) **Income Taxes**

Income tax expense is comprised of current and deferred income taxes. Current income tax and deferred income tax are recognized in profit or loss, except to the extent that they relate to items recognized directly in equity.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current income tax liabilities and assets, and they relate to income taxes levied by the same tax authority for the same taxable entity. A deferred income tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related income tax benefit will be realized.

m) **Foreign Currency Translation**

The functional currency of each of the Company's entities is measured using the currency of the primary economic environment in which that entity operates. The Company determined that the functional currency of Freegold Ventures Limited is the Canadian dollar. The functional currency of Free Gold Recovery Inc., USA, Freegold Ventures Limited, USA, Dolphin Gold, Inc., Grizzly Bear Gold Inc. and McGrath Gold Inc. is the U.S. dollar.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange differences arising on the translation of non-monetary items are recognized in the consolidated statement of loss and comprehensive loss. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

On consolidation, the Company's financial statements are translated into the presentation currency, being the U.S. dollar. Assets and liabilities are translated at the period-end exchange rate. Income and expenses are translated at the average exchange rate for the period in which they arise. Exchange differences are recognized in comprehensive loss as a separate component of equity.

n) **Flow-Through Shares**

Any premium received by the Company on the issuance of flow-through shares is initially recorded as a flow-through liability. Upon renouncement by the Company of the tax benefits associated with the related expenditures, a deferred tax liability is recognized and the flow-through liability will be reversed. To the extent that suitable deferred tax assets are available, the Company will reduce the deferred tax liability and record a deferred tax recovery.

o) **Accounting Standard Adopted during the Period**

Adoption of IFRS 16 Leases

Effective January 1, 2019, the Company has adopted IFRS 16 Leases ("IFRS 16") using the modified retrospective application method, where the 2018 comparatives are not restated and the cumulative effect of initially applying IFRS 16 has been recorded on January 1, 2019 for any differences identified, including adjustments to opening retained earnings balance.

IFRS 16 introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases (lease terms of 12 months or less) and leases of low value assets.

In applying IFRS 16 for all leases, except as noted above, the Company (a) recognizes the right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of future lease payments; (b) recognizes the amortization of right-of-use assets and interest on lease liabilities in the consolidated statement of loss and comprehensive loss; and (c) separates the total amount of cash paid into principal and interest portions in the consolidated statement of cash flows.

The Company has made use of the following practical expedients available on transition to IFRS 16:

- Measure the right-of-use asset equal to the lease liability calculated for each lease;

- Apply the recognition exemptions for low value leases and leases that end within 12 months of the date of initial application, and account for them as low value and short-term leases, respectively; and

- Accounting for non-lease components and lease components as a single lease component.

In transitioning to IFRS 16, the Company analyzed its contracts to identify whether they are or contain a lease arrangement. As a result, the Company recognized a right-of-use asset of $131,468 and a lease liability of $131,468 upon initial adoption of IFRS 16.

New Accounting Policy for Leases under IFRS 16

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, at the commencement of the lease, with the following exceptions: (a) the Company has elected not to recognize right-of-use assets and liabilities for leases where the total lease term is less than or equal to 12 months, or (b) for leases of low value. The payments for such leases are recognized in the consolidated statement of loss and comprehensive loss on a straight-line basis over the lease term.

The right-of-use asset is initially measured based on the present value of lease payments, lease payments made at or before the commencement day, and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The right-of-use asset is amortized over the shorter of the lease term or the useful life of the underlying asset. The right-of-use asset is subject to testing for impairment if there is an indicator of impairment.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments include fixed payments less any lease incentives, and any variable lease payments where variability depends on an index or rate. When the lease contains an extension or purchase option that the Company considers reasonably certain to be exercised, the cost of the option is included in the lease payments.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the right-of-use asset and lease liability. The related payments are recognized as an expense in the period in which the triggering event occurs and are included in the consolidated statement of loss and comprehensive loss.

(Expressed in U.S. Dollars)

p) **Future Changes in Accounting Policies**

Certain new accounting standards and interpretations have been published that are not mandatory for the December 31, 2019 reporting period. These standards have been assessed by the Company and are not expected to have a significant impact on the Company's consolidated financial statements.

3. Approval

These consolidated financial statements were approved and authorized for issue by the Audit Committee of the Board of Directors on March 30, 2020.

4. Restricted Cash

Restricted cash consists of an advance from an earn-in partner who has forwarded funds to the Company for use on a specific property. The cash was used to settle trade payables associated with this property subsequent to year end.

5. Exploration and Evaluation Properties

		Golden Summit Property		Shorty Creek Property		Total
Acquisition costs						
Balance, December 31, 2017	$	3,081,164	$	198,546	$	3,279,710
Additions		88,655		-		88,655
Balance, December 31, 2018	$	3,169,819	$	198,546	$	3,368,365
Exploration and evaluation costs						
Balance, December 31, 2017	$	28,654,287	$	4,461,653	$	33,115,940
Assaying		-		30,398		30,398
Camp costs		-		87,171		87,171
Drilling		-		283,012		283,012
Engineering and consulting		110		34,800		34,910
Geological and field expenses		12,490		84,547		97,037
Helicopter support		-		172,493		172,493
Land maintenance and tenure		65,270		23,810		89,080
Legal		8,088		-		8,088
Metallurgical studies		-		18,165		18,165
Personnel		46,280		201,996		248,276
Travel		-		35,606		35,606
Total incurred during the year ended December 31, 2018	$	132,238	$	971,998	$	1,104,236
Balance, December 31, 2018	$	28,786,525	$	5,433,651	$	34,220,176
Total	**$**	**31,956,344**	**$**	**5,632,197**	**$**	**37,588,541**

(Expressed in U.S. Dollars)

	Golden Summit Property	Shorty Creek Property	Total
Acquisition costs			
Balance, December 31, 2018	$ 3,169,819	$ 198,546	$ 3,368,365
Additions	53,000	-	53,000
Balance, December 31, 2019	$ 3,222,819	$ 198,546	$ 3,421,365
Exploration and evaluation costs			
Balance, December 31, 2018	$ 28,786,525	$ 5,433,651	$ 34,220,176
Assaying	-	64,977	64,977
Camp costs	-	211,897	211,897
Drilling	-	427,050	427,050
Engineering and consulting	-	68,783	68,783
Geological and field expenses	18,915	122,587	141,502
Geophysics	-	297,099	297,099
Helicopter support	-	391,971	391,971
Land maintenance and tenure	78,036	116,975	195,011
Legal	4,323	-	4,323
Metallurgical studies	-	16,993	16,993
Overhead cost	-	174,899	174,899
Personnel	45,147	250,615	295,762
Travel	8,265	58,451	66,716
Total incurred during the year ended December 31, 2019	$ 154,686	$ 2,202,297	$ 2,356,983
Less:			
Expenditure recovery	-	(1,931,421)	(1,931,421)
Overhead recovery	-	(200,000)	(200,000)
Balance, December 31, 2019	$ 28,941,211	$ 5,504,527	$ 34,445,738
Total	**$ 32,164,030**	**$ 5,703,073**	**$ 37,867,103**

(Expressed in U.S. Dollars)

a) **Golden Summit Property, Alaska, USA**

Fairbanks Exploration Inc.

By various agreements dated from December 1, 1992 to May 9, 1997, the Company acquired from Fairbanks Exploration Inc. ("FEI") certain mineral claims in the Fairbanks Mining District of Alaska known as the Golden Summit Property. In the deed conveying its remaining interest, FEI reserved a 7% working interest which is held in trust for FEI by the Company. The property is controlled by the Company through long-term lease agreements or outright claim ownership.

The Company will fund 100% of the costs until commercial production is achieved at which point FEI will be required to contribute 7% of any approved budget. The property is subject to a 2% Net Smelter Royalty ("NSR"), unless otherwise noted. The Company has a 30 day right of first refusal in the event that the 7% working interest of FEI or the NSR is to be sold. The Company can also purchase the NSR at any time following commercial production, based on its net present value as determined by commercial ore reserves.

(i) **Keystone Claims**

By an agreement dated May 17, 1992, the Company entered into a lease with Keystone Mines Partnership ("Keystone") whereby the Company agreed to make advance royalty payments of US$15,000 per year. In May 2000, the agreement was renegotiated and on October 15, 2000, a US$50,000 signing bonus was paid. On November 30, 2001, the Company restructured the advance royalty payments as follows:

1992 – 1998 ($15,000 per year)	$	105,000		(paid)
2000	$	50,000		($25,000 paid in cash and $25,000 with 9,816 treasury shares issued)
2001 - 2006 ($50,000 per year)	$	300,000		(paid)
2007	$	150,000		(paid)
2008	$	150,000		(paid)
2009	$	150,000		(paid)
2010	$	150,000		(paid)
2011	$	150,000		(paid)
2012	$	150,000		(paid)
2013	$	150,000		(paid)
2014	$	112,500		(paid)
2014	$	37,500		(paid)
2015	$	75,000		(paid)
2015	$	75,000	*	(paid)
2016	$	150,000	**	(paid $75,000)
2017	$	150,000	**	(paid $75,000)
2018	$	150,000	***	(paid $15,000)
2019	$	150,000	***	(paid $15,000)

The property is subject to a 3% NSR.

In 2011, the Company negotiated an extension of the lease. As long as there is either permitting, development mining or processing being conducted on a continuous basis or advance royalties being paid, the lease shall be renewable for successive 10 year terms.

* $75,000 was paid during the year ended December 31, 2016.

** On December 8, 2015, the Company renegotiated the lease to reduce the annual royalty payments to $75,000 payable in two equal installments on August 1 and November 1, until such time as the price of gold averages $1,400 per ounce for a period of 3 months, at which time the original agreement will be re-instated. In addition, the Company will undertake $75,000 in annual exploration expenditures as consideration for the reduced payments, until such time as the advance royalty payments are resumed at $150,000 per year.

*** The Company renegotiated the lease to decrease the annual royalty payments of $75,000 to $15,000, pursuant to a forbearance agreement in March 2019. The agreement permits the Company to pay $15,000 on August 1 of each year with the remaining balance of $60,000 payable in equal monthly installments over 2 years, following the price of gold averaging US$1,400 per ounce for a period of 3 months. The Company is currently renegotiating the payment terms surrounding the price of gold and annual lease payments. Pursuant to the terms of this agreement, a payment of $15,000 was paid during the year ended December 31, 2018 and $15,000 was paid during the year ended December 31, 2019.

(ii) **Newsboy Claims**

By lease agreement dated February 28, 1986 and amended March 26, 1996, the Company assumed the obligation to make advance royalty payments of $2,500 per year until 1996 (paid) and $5,000 per year until 2006 (paid). During 2006, the Company renewed the existing lease term for an additional 5 years on the same terms and conditions.

On October 12, 2012, the Company amended the lease agreement and the lease term was extended for an additional 5 years from March 1, 2011 to February 29, 2016. The minimum royalty payable under the amended lease was $12,000 per year for the term of the lease. The Company amended the lease agreement whereby the $12,000 due on February 29, 2016 was deferred to May 31, 2016 (paid), and the lease term was extended for an additional 5-year term from March 1, 2016 to February 28, 2021. The lease payments are $12,000 for 2017 (paid), $5,000 for 2018 (paid), $5,000 for 2019 (paid), $5,000 for 2020 and $5,000 for 2021. As consideration, the Company had agreed to a one-time payment of $50,000 (the "Signing Bonus") due on or before February 28, 2017. The Company renegotiated the agreement to defer payments of the Signing Bonus to two installments of $25,000 due on February 28, 2017 ($13,000 paid) and $25,000 due on February 28, 2018 ($10,000 paid).

The Company is currently renegotiating the payment terms surrounding the Signing Bonus and annual lease payments. The claims are subject to a 4% NSR. The Company has the option to purchase the NSR for the greater of the current value or US$1,000,000 less all advance royalty payments completed to date.

(iii) **Tolovana Claims**

In May 2004, the Company entered into an agreement with a third party (the "Seller") whereby the Seller transferred 100% of the rights via a Quit Claim Deed to a 20-year lease on the Tolovana Gold Property in Alaska.

(Expressed in U.S. Dollars)

Under the terms of the agreement, the Company assumed all of the Seller's obligations under the lease, which include making annual payments of $1,000 per month for the first 23 months, increasing to $1,250 per month for the 24th to the 48th months, and $1,500 per month after the 49th month and for the duration of the lease. These payments are current.

In addition, the Company made a cash payment to the Seller of $7,500 on signing, and issued 66,667 shares on regulatory approval. An additional 33,333 shares were to be issued within 30 days of a minimum 200,000 ounce mineral resource being calculated on the property, if the resource was established in 5 years or less from the date of the agreement. No resource was calculated during the prescribed timeframe; therefore, these shares were not issued to the Seller.

The property is subject to a sliding scale NSR as follows: 1.5% NSR if gold is below $300 per ounce, 2.0% NSR in the event the price of gold is between $300 to $400, and 3.0% NSR in the event that the price of gold is above $400.

The Company, at its option, can purchase 100% of the Tolovana Gold Property claims and NSR for $1,000,000 less any amounts paid.

(iv) **Green Claims**

On December 16, 2010, the Company entered into a 20-year lease agreement with Christina Mining Company, LLC ("Christina Mining") to acquire certain mineral claims in the Fairbanks Mining District of Alaska known as the Green Property. The claims are subject to a 3% NSR. The Company is required to make annual cash payments and cumulative exploration expenditures as follows:

	Payments	Cumulative Exploration Expenditures
December 1, 2010	$100,000 (paid)	-
December 1, 2011	$100,000 (paid)	$250,000 (incurred)
December 1, 2012	$100,000 (paid)	$500,000 (incurred)
December 1, 2013	$100,000 (paid)	$750,000 (incurred)
December 1, 2014	$50,000 (paid)	$1,000,000 (incurred)
December 1, 2014	$50,000 (paid)	-
December 1, 2015	$50,000 * (paid)	-
December 1, 2016	$50,000 ** (paid)	-
December 1, 2017	$50,000 ** (paid)	-
December 1, 2018 to 2019	$100,000*** per year	-
December 1, 2020 to 2028	$200,000 per year	-
December 1, 2029	$150,000 per year	-
Total	$2,800,000	

*In December 2015, an amendment was negotiated to reduce the annual advance royalty for 2015 to $50,000, with the payment deferred until March 31, 2016.

(Expressed in U.S. Dollars)

** In 2016, the Company renegotiated the lease to reduce the annual royalty payments to $50,000 until such time as the price of gold averages $1,400 per ounce for a period of 3 months at which time the original agreement will be re-instated. In addition, the Company guaranteed to pay the 2017 and 2018 land maintenance costs as consideration for the reduced payments or until such time as the advance royalty payments are resumed pursuant to the original agreement.

*** The Company amended the lease to waive the 2018 and 2019 advance royalty payment. This concession may be extended with notice to the Company for a further two years and with further agreement to waive the annual advance royalty payment for the following two years. As consideration for this concession, the Company agreed to relinquish its rights to certain mineral claims. Following reclamation and in the event the advance royalty payments are made in full, the Company shall have the right, but not the obligation, to reincorporate the claims into the lease. The Company shall reimburse Christina Mining the annual claim rents for the relinquished claims until such time as the mineral lease is terminated.

(v) **Chatham Claims**

On July 11, 2011, the Company entered into a 4-year lease agreement to acquire certain mineral claims in the Fairbanks Mining District of Alaska known as the Chatham Property. The claims are subject to a 2% NSR. The Company was required to make annual cash payments and exploration expenditures as follows:

	Payments	Exploration Expenditures
Execution of agreement	$20,000 (paid)	-
July 11, 2012	$30,000 (paid)	$50,000 (incurred)
July 11, 2013	$40,000 (paid)	$50,000 (incurred)
July 11, 2014	$50,000 (paid)	$50,000 (waived)
July 11, 2015	-	$50,000 (waived)
Total	$140,000	$200,000

On July 11, 2015, the Company renegotiated and extended the lease agreement for an additional 4 years. The Company is now required to make annual cash payments and exploration expenditures as follows:

	Payments	Exploration Expenditures
September 30, 2016	$25,000 (paid)	$20,000 (incurred)
September 30, 2017	$50,000 (paid)	$20,000 (incurred)
September 30, 2018	$50,000* (paid $15,000)	$20,000*
September 30, 2019	$50,000* (paid $15,000)	$20,000*
Total	$175,000	$80,000

The Company has the option to purchase the property for $750,000 less the annual payments made under the amended lease agreement.

(Expressed in U.S. Dollars)

*A payment of $15,000 was made in 2018 and, on March 27, 2019, the Company renegotiated and extended the lease agreement for an additional 2 years. The Company is now required to make annual cash payments as follows:

	Payments
September 30, 2019	$15,000 (paid)
September 30, 2020	$35,000
September 30, 2021	$35,000
Total	$85,000

The Company has the option to purchase the property for $750,000 less the annual payments made under the amended lease agreements.

The Company also has the option to purchase one-half of the NSR for $750,000.

(vi) **Alaska Mental Health Trust Property**

By lease agreement effective June 1, 2012, the Company entered into a mining lease to acquire certain mineral claims in the Fairbanks Mining District of Alaska known as the Alaska Mental Health Trust Property. The property is controlled by the Company through a 3-year lease agreement and may be extended for two extensions of 3 years. On February 1, 2013, the Company entered into an agreement to amend the terms of the lease to reflect an increase in the size of the lease to 403 acres. On June 1, 2015, the Company entered into an agreement to amend the terms of the lease to reflect an increase in the size of the lease to 1,576 acres. On June 1, 2018, the Company entered into an agreement to amend the terms of the lease to reflect a decrease in the size of the lease to 1,030 acres. As a result, the work commitment schedule and annual cash payments have been modified. The Company is required to make annual cash payments and exploration expenditures as follows:

For the amendment to 403 acres:

	Payments	Exploration Expenditures
Execution of agreement	$25,000 (paid)	-
Year 1 (2012)	$10 per acre per year (paid)	$125 per acre per year (incurred)
Year 2 (2013)	$10 per acre per year (paid)	$125 per acre per year (incurred)
Year 3 (2014)	$10 per acre per year (paid)	$125 per acre per year (incurred)
Year 4 (2015)	$10 per acre per year (paid)	$235 per acre per year (incurred)
Year 5 (2016)	$15 per acre per year (paid)	$235 per acre per year (incurred)
Year 6 (2017)	$15 per acre per year (paid)	$235 per acre per year (incurred)
Year 7 (2018)	$20 per acre per year (paid)	$355 per acre per year *
Year 8 (2019)	$20 per acre per year (paid in 2020)	$355 per acre per year*
Year 9	$20 per acre per year	$355 per acre per year

(Expressed in U.S. Dollars)

For the amendment for an additional 627 acres:

	Payments	Exploration Expenditures
Year 1 (2015)	$10 per acre per year (paid)	$125 per acre per year (incurred)
Year 2 (2016)	$10 per acre per year (paid)	$125 per acre per year (incurred)
Year 3 (2017)	$10 per acre per year (paid)	$125 per acre per year (incurred)
Year 4 (2018)	$15 per acre per year (paid)	$235 per acre per year*
Year 5 (2019)	$15 per acre per year (paid in 2020)	$235 per acre per year*
Year 6	$15 per acre per year	$235 per acre per year
Years 7-9	$20 per acre per year	$355 per acre per year

*The Company is currently renegotiating the terms of the exploration expenditure requirement.

The claims will be subject to the following NSR:

Price of Gold (per ounce)	Net Royalty
$500 or below	1.0%
$500.01 - $700.00	2.0%
$700.01 - $900.00	3.0%
$900.01 - $1,200.00	3.5%
above $1,200.00	4.5%

b) **Shorty Creek Property, Alaska, USA**

By agreement dated July 17, 2014, the Company entered into a renewable 10-year lease agreement to acquire certain mineral claims located 100 km northwest of Fairbanks, Alaska known as the Shorty Creek Property. On August 8, 2014, the Company issued 750,000 common shares as consideration. The vendor will retain a 2% NSR and is responsible for the annual State of Alaska rents for the first 5 years after which the Company will be responsible. In 2014 and 2016, additional claims were staked within and outside the area of interest and the Company will be responsible for these annual State of Alaska rents.

On March 5, 2019, the Company entered into an agreement with a wholly-owned subsidiary of South32 Limited ("South32") whereby South32 has the option to earn a 70% interest in the Shorty Creek Property (the "Project"). To maintain the option in good standing, South32 must contribute minimum exploration funding of $10 million over a 4-year option period with minimum exploration expenditures of $2 million in Years 1 and 2, and $3 million in Years 3 and 4 for an aggregate of $10 million.

Provided that all exploration data and information has been made available by December 31 of each year of the option agreement, South32 shall decide within 30 days whether to fund a further tranche. The first year expenditure of a minimum $2 million was completed. On February 19, 2020, South32 committed to fund Year 2 exploration for an additional $2 million of expenditures. Should South32 withdraw prior to exercising its option, the option will lapse and South32 will have no further interest in or claim against the Project.

South32 may exercise its option at any time following Year 1 to subscribe for 70% of the shares of a newly formed project company by committing $30 million to the newly formed company, less the amount of exploration expenditures contributed by South32 during the option period.

After the subscription funding has been expended by the project holding company, the parties will contribute funding on a pro rata basis (70% and 30% to South 32 and the Company, respectively), as contemplated by the operating agreement which will govern the period subsequent to the option exercise.

The Company will act as the operator of the Project during the 4-year option period and will provide annual reports and budgets to a technical committee formed by the Company and South32, for the purpose of reviewing and approving each year's program.

During the year ended December 31, 2019, management fee revenue of $174,899 was earned pursuant to the 10% operator fee.

(Expressed in U.S. Dollars)

6 (a) Property, Plant and Equipment

		Automotive		Computer Equipment		Office Equipment		Exploration Office		Exploration Office Equipment		Land		Total
Costs														
Balance, December 31, 2017	$	33,602	$	12,209	$	6,658	$	179,944	$	13,396	$	218,892	$	464,701
Additions		-		-		-		-		-		-		-
Balance, December 31, 2018	$	33,602	$	12,209	$	6,658	$	179,944	$	13,396	$	218,892	$	464,701
Accumulated Depreciation														
Balance, December 31, 2017	$	(30,242)	$	(8,320)	$	(4,835)	$	(41,912)	$	(10,235)	$	-	$	(95,544)
Depreciation		(1,008)		(711)		(298)		(5,520)		(632)		-		(8,169)
Balance, December 31, 2018	$	(31,250)	$	(9,031)	$	(5,133)	$	(47,432)	$	(10,867)	$	-	$	(103,713)
Net Book Value	**$**	**2,352**	**$**	**3,178**	**$**	**1,525**	**$**	**132,512**	**$**	**2,529**	**$**	**218,892**	**$**	**360,988**

(Expressed in U.S. Dollars)

		Automotive		Computer Equipment		Office Equipment		Exploration Office		Exploration Office Equipment		Land		Total
Costs														
Balance, December 31, 2018	$	33,602	$	12,209	$	6,658	$	179,944	$	13,396	$	218,892	$	464,701
Additions		-		-		-		-		-		-		-
Balance, December 31, 2019	$	33,602	$	12,209	$	6,658	$	179,944	$	13,396	$	218,892	$	464,701
Accumulated Depreciation														
Balance, December 31, 2018	$	(31,250)	$	(9,031)	$	(5,133)	$	(47,432)	$	(10,867)	$	-	$	(103,713)
Depreciation		(705)		(995)		(234)		(5,301)		(506)		-		(7,741)
Balance, December 31, 2019	$	(31,955)	$	(10,026)	$	(5,367)	$	(52,733)	$	(11,373)	$	-	$	(111,454)
Net Book Value	**$**	**1,647**	**$**	**2,183**	**$**	**1,291**	**$**	**127,211**	**$**	**2,023**	**$**	**218,892**	**$**	**353,247**

(Expressed in U.S. Dollars)

6 (b) Right-of-Use Asset and Lease Liability

The Company has an office lease with a lease term to September 30, 2021. Upon transition to IFRS 16, the Company recognized a right-of-use asset of $131,468 and a lease liability of $131,468.

The lease liability at January 1, 2019 can be reconciled to the operating lease obligation as of December 31, 2018 as follows:

Operating lease obligation as of December 31, 2018	$ 139,235
Discounted at the incremental borrowing rate [1]	(7,767)
Lease liability recognized as of January 1, 2019	$ 131,468

[1] The lease liability was discounted using an incremental borrowing rate as at January 1, 2019 of 4.25% per annum.

The continuity of the lease liability for the year ended December 31, 2019 is as follows:

	Lease Liability
January 1, 2019	$ 131,468
Less: lease payments	(45,594)
Accretion expense	991
	86,865
Less: Current portion of lease liability	(50,943)
Long-term portion of lease liability – December 31, 2019	$ 35,922

The continuity of the right-of-use asset for the year ended December 31, 2019 is as follows:

	Right-of-Use Asset
January 1, 2019	$ 131,468
Less: Amortization of right-of-use asset	(49,175)
December 31, 2019	$ 82,293

(Expressed in U.S. Dollars)

7. Related Party Balances and Transactions

A summary of key management compensation is as follows:

		December 31, 2019		December 31, 2018
Accounting – Chief Financial Officer	**$**	**60,441**	$	61,520
Consulting – Corporate Secretary		**9,066**		9,228
Salaries and benefits – President and Vice President	*	**319,206**	*	318,652
Stock option benefits		**2,901**		133,615
Total	**$**	**391,614**	$	523,015

A summary of amounts due to related parties is as follows:

		December 31, 2019		December 31, 2018
President and Chief Executive Officer	**$**	**351,847**	$	239,686
Vice President, Exploration and Development		**346,233**		234,340
Chief Financial Officer		**105,300**		64,538
Corporate Secretary		**26,435**		19,565
Total	**$**	**829,815**	$	558,129

*During the year ended December 31, 2019, $220,989 (2018 – $224,931) of the President's and Vice President's salary was allocated to the Company's exploration and evaluation properties.

The Company incurred $2,800 in share issue costs with WeirFoulds LLP, a legal firm of which a Director of the Company is a partner.

Key management personnel includes individuals having authority and responsibility for planning, directing and controlling the activities of the Company, including the directors, and any companies controlled by these parties.

Amounts owing to key management are non-interest bearing, unsecured and due on demand unless otherwise noted.

8. Restoration and Environmental Obligations

The Company's restoration and environmental obligations consist of reclamation and closure costs for the Golden Summit Property *(Note 5a)*. As at December 31, 2019, the present value of the estimated obligations relating to properties is $239,808 (2018 – $230,034) using a discount rate of 4.25% (2018 – 4.25%) and no consideration of an inflation rate (2018 – none). Significant reclamation and closure cost activities include land rehabilitation, demolition of field camps, ongoing care and maintenance and other costs.

(Expressed in U.S. Dollars)

The undiscounted reclamation and closure cost obligation at December 31, 2019 is $250,000 (2018 – $250,000) and remediation work is expected to commence in 2020.

Movements in the reclamation and closure cost balance during the year are as follows:

		December 31, 2019		December 31, 2018
Balance, beginning of year	**$**	**230,033**	$	220,655
Accretion		**9,775**		9,378
Balance, end of year	**$**	**239,808**	$	230,033

9. Share Capital

The Company has authorized an unlimited number of common shares with no par value. At December 31, 2019, the Company had 220,446,210 common shares outstanding (December 31, 2018 – 188,953,906).

a) Share Issuances and Other

On September 5, 2019, the Company closed a non-brokered private placement of 31,492,304 (“Units”), priced at Cdn$0.0625 per Unit for total proceeds of Cdn$1,968,269 ($1,483,583). Each Unit consists of one common share (a “Share”) and one-half common share purchase warrant. Each whole warrant entitles the holder to acquire an additional Share at a price of Cdn$0.081 per Share for a period of 36 months from the date of closing. All securities issued bear a legend restricting resale until January 6, 2020. The Company incurred $15,178 in share issue costs associated with this financing.

On October 26, 2018, the Company closed a non-brokered private placement of 14,935,000 (“Units”), priced at Cdn$0.08 per Unit for total proceeds of Cdn$1,194,800 ($918,794). Each Unit consists of one common share (a “Share”) and one common share purchase warrant (a “Warrant”). Each Warrant entitles the holder to acquire an additional Share at a price of Cdn$0.12 per Share for a period of 36 months from the date of closing. Each Warrant is subject to accelerated expiry provisions such that if, at any time after the expiry of any resale restriction governing the subscribed Shares, the Corporation’s common shares trade on the TSX at or above a volume weighted average trading price of Cdn$0.20 per common share for 10 consecutive trading days, the Company may give notice to the holders that each Warrant will expire 30 days from the date of providing such notice. All securities issued bear a legend restricting resale until February 27, 2019. The Company incurred $12,695 in share issue costs associated with this financing.

(Expressed in U.S. Dollars)

b) **Share Purchase Warrants**

The following is a summary of the changes in the Company's share purchase warrants for the years ended December 31, 2019 and 2018:

	December 31, 2019		December 31, 2018	
	Number of warrants	Weighted average exercise price (Cdn$)	Number of warrants	Weighted average exercise price (Cdn$)
Outstanding, beginning of the year	51,771,637	0.19	46,772,887	0.20
Granted	15,746,152	0.081	14,935,000	0.12
Expired	(20,230,883)	0.25	(3,186,250)	0.15
Expired	(2,832,324)	0.18	(6,750,000)	0.15
Outstanding, end of the year	44,454,582	0.11	51,771,637	0.19

The following table summarizes information regarding share purchase warrants outstanding as at December 31, 2019:

	Number	Price per Share (Cdn$)	Expiry Date	
	12,521,300	0.15	September 19, 2020	***
	1,252,130	0.10	September 19, 2020	****
	14,935,000	0.12	October 26, 2021	**
	15,746,152	0.081	September 5, 2022	*
Total	44,454,582			

*During the period ended September 30, 2019, 15,746,152 share purchase warrants having a relative fair value of $603,249 were issued relating to a private placement. Each warrant entitles the holder to purchase one additional common share at a price of Cdn$0.081 per share exercisable until September 5, 2022. The fair values were calculated using the Black-Scholes option pricing model with an expected life of 3.0 years, risk-free interest rate of 1.27%, a dividend yield of 0% and historical volatility of 115% *(Note 9a)*.

**During the year ended December 31, 2018, 14,935,000 share purchase warrants having a relative fair value of $372,760 were issued relating to a private placement. Each warrant entitles the holder to purchase one additional common share at a price of Cdn$0.12 per share exercisable until October 26, 2021. The fair values were calculated using the Black-Scholes option pricing model with an expected life of 3.0 years, risk-free interest rate of 2.29%, a dividend yield of 0% and historical volatility of 113% *(Note 9a)*.

***During the year ended December 31, 2017, 12,521,300 share purchase warrants having a relative fair value of $837,247 were issued relating to the 2017 Prospectus offering. Each warrant entitled the holder to purchase one additional common share at a price of Cdn$0.18 per share exercisable until September 19, 2019. The fair values were calculated using the Black-Scholes option pricing model with an expected life of 2.0 years, risk-free interest rate of 0.69%, a dividend yield of 0% and historical volatility of 123%. On September 13, 2019, these warrants were reduced to Cdn$0.15 per share and extended to September 19, 2020.

(Expressed in U.S. Dollars)

****During the year ended December 31, 2017, 1,252,130 agent warrants having a fair value of $87,186 were issued to Paradigm relating to the 2017 Prospectus offering. Each warrant entitles the agent to purchase one additional common share at a price of Cdn$0.12 per share exercisable until September 19, 2019. The fair value was calculated using the Black-Scholes option pricing model with an expected life of 2.0 years, risk-free interest rate of 0.69%, a dividend yield of 0% and historical volatility of 123%. On September 13, 2019, these warrants were reduced to Cdn$0.10 per share and extended to September 19, 2020. An incremental value of $47,811 was calculated relating to the warrant modification using the Black-Scholes option pricing model with an expected life of 1.0 year, risk-free interest rate of 1.61%, a dividend yield of 0% and historical volatility of 135%.

c) **Stock Options**

The Company has established a stock option plan (the “Stock Option Plan”) whereby the Board of Directors (the “Board”), may from time to time, grant options to directors, officers, employees or consultants. At the Company’s Annual General Meeting held on June 29, 2018, shareholders re-approved a resolution which reserves up to 10% of the issued and outstanding shares from time to time (including existing stock options), as a “rolling stock option plan”. Stock options may be granted under the Stock Option Plan with an exercise period of up to ten (10) years from the date of grant or such lesser period as determined by the Board, subject to a short extension in the case of a Company imposed blackout period. Any stock options granted under the Stock Option Plan will not be subject to any vesting schedule, unless otherwise determined by the Board. The exercise price of an option will not be less than the closing price of the common shares on the day prior to grant. The policies of the TSX require the approval of all unallocated options, rights or entitlements under the Stock Option Plan by the Company’s shareholders every three years with the next such renewal approval requested by shareholders on or before June 29, 2021.

A summary of the Company’s stock options at December 31, 2019 and the changes for the period are as follows:

Number Outstanding December 31, 2018	Granted	Exercised	Cancelled	Expired	Number Outstanding December 31, 2019	Number Exercisable December 31, 2019	Exercise Price (Cdn$)	Expiry Date
700,000	-	-	-	(700,000)	-	-	0.25	January 1, 2019
150,000	-	-	-	(150,000)	-	-	0.20	July 23, 2019
150,000	-	-	-	-	150,000	150,000	0.12	July 28, 2020
4,220,000	-	-	-	-	4,220,000	4,220,000	0.21	July 8, 2021
50,000	-	-	-	-	50,000	50,000	0.155	April 6, 2022
3,150,000	-	-	-	-	3,150,000	3,150,000	0.10	July 23, 2023
-	100,000	-	-	-	100,000	100,000	0.07	May 15, 2024
8,420,000	100,000	-	-	(850,000)	7,670,000	7,670,000	0.16	

(Expressed in U.S. Dollars)

During the year ended December 31, 2019, the Company granted the following options which vested immediately:

	Exercise Price (Cdn$)	Number of options	2019 Vested Amount
Officer	0.07	100,000	$2,901*
Total	0.07	100,000	$2,901

*The $2,901 ($0.029 per option) estimated fair value of 100,000 options is recorded in the Company accounts as share-based payments expense calculated on the vesting date. The offsetting entry was to the stock options reserve.

During the year ended December 31, 2018, the Company granted the following options which vested immediately:

	Exercise Price (Cdn$)	Number of options	2018 Vested Amount
Directors and Officers	0.10	3,050,000	$133,615*
Consultant	0.10	100,000	$4,291**
Total	0.10	3,150,000	$137,906

*The $133,615 ($0.04 per option) estimated fair value of 3,050,000 options is recorded in the Company accounts as share-based payments expense calculated on the vesting date. The offsetting entry was to the stock options reserve.

**The $4,291 ($0.04 per option) estimated fair value of 100,000 options is recorded in the Company accounts as deferred exploration costs calculated on the vesting date. The offsetting entry was to the stock options reserve.

A summary of the Company's stock options at December 31, 2018 and the changes for the year are as follows:

Number Outstanding December 31, 2017	Granted	Exercised	Cancelled	Expired	Number Outstanding December 31, 2018	Number Exercisable December 31, 2018	Exercise Price (Cdn$)	Expiry Date
700,000	-	-	-	-	700,000	700,000	0.25	January 1, 2019
150,000	-	-	-	-	150,000	150,000	0.20	July 23, 2019
150,000	-	-	-	-	150,000	150,000	0.12	July 28, 2020
4,220,000	-	-	-	-	4,220,000	4,220,000	0.21	July 8, 2021
50,000	-	-	-	-	50,000	50,000	0.155	April 6, 2022
-	3,150,000	-	-	-	3,150,000	3,150,000	0.10	July 23, 2023
5,270,000	3,150,000	-	-	-	8,420,000	8,420,000	0.17	

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	December 31, 2019	December 31, 2018
Expected dividend yield	**0.00%**	0.00%
Historical volatility	**114.92%**	122.44%
Risk-free interest rate	**1.56%**	2.07%
Expected life of options	**5.00 years**	5.00 years

(Expressed in U.S. Dollars)

d) **Shareholders Rights Plan**

Effective May 9, 2012, the Board has approved and adopted a Shareholders' Rights Plan (the "Rights Plan"). The Rights Plan extends the minimum expiry period for a takeover bid to 60 days and requires a bid to remain open for an additional 10 business days after an offeror publicly announces it has received tenders for more than 50% of the Company's voting shares. The principal purpose of the Rights Plan is to ensure that shareholders have sufficient time to consider a takeover bid without undue time constraints. It is designed to provide the Board additional time to consider alternatives in maximizing for shareholders the full and fair value for their common shares. The termination date is May 9, 2020 unless the plan is terminated by the Board before that date.

10. Income Taxes

A reconciliation of income taxes at statutory rates with the reported taxes is as follows, using Canadian federal and provincial statutory tax rates of 27% (2018 – 27%):

	December 31, 2019	December 31, 2018
Loss before income taxes	**$ (347,444)**	$ (760,981)
Expected income tax (recovery)	**$ (94,000)**	$ (205,000)
Changes in tax rates and foreign exchange rates	**14,000**	(21,000)
Permanent differences	**1,000**	36,000
Share issue cost	**(4,000)**	(3,000)
Foreign exchange effect on current year provision	**(270,000)**	436,000
Adjustment to prior years provision versus statutory tax returns	**13,000**	(68,000)
Expiry of unused losses	**211,000**	-
Change in unrecognized deductible temporary differences	**129,000**	(175,000)
Total income tax expense (recovery)	**$ -**	$ -

The significant components of the Company's deferred tax assets and liabilities are as follows:

	December 31, 2019	December 31, 2018
Deferred tax assets (liabilities)		
Exploration and evaluation assets	**$ (17,000)**	$ (7,000)
Property and equipment	**(16,000)**	$ -
Non-capital losses	**33,000**	7,000
Net deferred tax liability	**$ -**	$ -

(Expressed in U.S. Dollars)

The significant components of the Company's unrecognized deferred tax assets are as follows:

		December 31, 2019		December 31, 2018
Deferred tax assets				
Share issue costs	**$**	**94,000**	$	154,000
Asset retirement obligation		**50,000**		48,000
Non-capital losses		**6,690,000**		6,534,000
Capital losses		**22,000**		21,000
Property, plant and equipment		**95,000**		72,000
Exploration and evaluation properties		**904,000**		897,000
		7,855,000		7,726,000
Unrecognized deferred tax assets		**(7,855,000)**		(7,726,000)
Net deferred tax assets	**$**	**-**	$	-

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statements of financial position are as follows:

		2019	Expiry		2018	Expiry
Temporary Differences						
Share issue costs	$	348,000	2038 to 2042	$	571,000	2039 to 2042
Allowable capital losses		83,000	No expiry date		79,000	No expiry date
Property, plant, and equipment		351,000	No expiry date		248,000	No expiry date
Restoration and environmental Obligations		240,000	No expiry date		230,000	No expiry date
Exploration and evaluation properties		3,347,000	No expiry date		3,305,000	No expiry date
Non-capital losses		27,237,000			26,913,000	
Canada		16,193,000	2026 to 2039		14,711,000	2026 to 2038
USA		11,044,000	2020 to 2037		12,202,000	2019 to 2037

Tax attributes are subject to review, and potential adjustment, by tax authorities.

11. Commitments

a) The Company has the following commitments related to payments required under a photocopier lease:

	< 1 year (Cdn$)	2-5 years (Cdn$)	> 5 years (Cdn$)	Total (Cdn$)
Photocopier lease payments	4,006	1,002	-	5,008

b) The Company has future commitments under exploration and evaluation property option agreements to pay cash and incur exploration expenditures *(Note 5).*

(Expressed in U.S. Dollars)

12. Segmented Information

Details on a geographic basis as at December 31, 2019 are as follows:

	USA	Canada	Total
Income (loss) for the year	**$ 12,620**	**$ (360,064)**	**$ (347,444)**
Comprehensive income (loss) for the year	**$ 12,620**	**$ (379,063)**	**$ (366,443)**
Current assets	**$ 110,629**	**$ 1,172,803**	**$ 1,283,432**
Right-of-use asset	**$ -**	**$ 82,293**	**$ 82,293**
Property, plant and equipment	**$ 349,773**	**$ 3,474**	**$ 353,247**
Exploration and evaluation properties	**$ 37,867,103**	**$ -**	**$ 37,867,103**
Total assets	**$ 38,327,505**	**$ 1,258,570**	**$ 39,586,075**

Details on a geographic basis as at December 31, 2018 are as follows:

	USA	Canada	Total
Loss for the year	$ (17,144)	$ (743,837)	$ (760,981)
Comprehensive loss for the year	$ (17,144)	$ (735,929)	$ (753,073)
Current assets	$ 69,895	$ 128,907	$ 198,802
Property, plant and equipment	$ 356,284	$ 4,704	$ 360,988
Exploration and evaluation properties	$ 37,588,541	$ -	$ 37,588,541
Total assets	$ 38,014,720	$ 133,611	$ 38,148,331

13. Comparative Figures

Certain comparative figures have been adjusted to conform to the current year’s presentation.

(Expressed in U.S. Dollars)

14. Financial Instruments and Risk Management

a) Financial Instruments

The carrying value of financial assets and liabilities at December 31, 2019 and December 31, 2018 are as follows:

		December 31, 2019		December 31, 2018
Financial Assets				
Amortized cost				
Cash and cash equivalents	**$**	**1,168,089**	$	99,989
Restricted cash		**71,950**		-
Amounts receivable		**15,621**		54,125
Financial Liabilities				
Amortized cost				
Trade payables	**$**	**181,159**	$	260,653
Accrued liabilities		**27,043**		30,805
Due to related parties		**829,815**		558,129

Financial instrument hierarchy

Financial instruments measured at fair value on the consolidated statement of financial position are summarized into the following fair value hierarchy levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company does not carry any financial instruments at fair value through profit or loss.

b) Capital Management

The capital structure of the Company consists of equity attributable to common shareholders, comprising issued capital, accumulated other comprehensive income and deficit. The Company's objectives when managing capital are to: (i) preserve capital, (ii) obtain the best available net return, and (iii) maintain liquidity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents and investments.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended December 31, 2019. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

c) **Credit Risk**

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises primarily from the Company's cash and cash equivalents and amounts receivable. The Company manages its credit risk relating to cash and cash equivalents by dealing only with highly-rated Canadian financial institutions. As at December 31, 2019, amounts receivable of $21,792 (December 31, 2018 - $58,672) was comprised of goods and services tax receivable of $6,171 (December 31, 2018 - $4,547), interest receivable of $4,703 (December 31, 2018 - $129) and other receivables of $10,918 (December 31, 2018 - $53,996). As a result, credit risk is considered insignificant.

d) **Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by continuously monitoring actual and projected cash flows and matching the maturity profile of financial assets and liabilities. As at December 31, 2019, the Company had cash of $1,240,039 to settle current liabilities of $1,088,960, which have contractual maturities of less than 30 days and are subject to normal trade terms.

e) **Currency Risk**

Foreign currency exchange risk is the risk that future cash flows, net income (loss) and comprehensive income (loss) will fluctuate as a result of changes in foreign exchange rates. As the Company's operations are conducted internationally, operations and capital activity may be transacted in currencies other than the functional currency of the entity party to the transaction.

The Company's objective in managing its foreign currency risk is to minimize its net exposures to foreign currency cash flows by obtaining most of its estimated annual U.S. cash requirements and holding the remaining currency in Canadian dollars. The Company monitors and forecasts the values of net foreign currency cash flow and consolidated statement of financial position exposures and from time to time could authorize the use of derivative financial instruments such as forward foreign exchange contracts to economically hedge a portion of foreign currency fluctuations.

The following table provides an indication of the Company's foreign currency exposures during the years ended December 31, 2019 and 2018:

	December 31, 2019 (Cdn$)	December 31, 2018 (Cdn$)
Cash and cash equivalents	**1,192,239**	123,079
Trade payables and accruals	**126,075**	236,818
Due to related parties	**1,077,764**	761,400

A 1% change in Canadian/US foreign exchange rate at year end would have changed the net loss of the Company, assuming that all other variables remained constant, by approximately $235 for the year ended December 31, 2019 (2018 - $8,751).

The Company has not entered into any derivative instruments to offset the impact of foreign currency fluctuations.

f) **Interest Rate Risk**

The Company is not subject to interest rate risk.

g) **Commodity Price Risk**

The Company is in the exploration stage and is not subject to commodity price risk.

15. Subsequent Event

On February 19, 2020, South32 committed to fund Year 2 exploration for an additional $2 million of expenditures on the Shorty Creek property (Note 5).

FORM 51-102F1
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR
FREEGOLD VENTURES LIMITED

DATED: MARCH 30TH, 2020

Additional information relating to Freegold Ventures Limited ("Freegold" or the "Company"), including the Company's Annual Information Form for the year ended December 31st, 2019 is available on SEDAR at www.sedar.com.

This discussion contains certain forward-looking information and is expressly qualified by the cautionary statement at the end of this Management's Discussion and Analysis ("MD&A").

INTERNATIONAL FINANCIAL REPORTING STANDARDS

The 2019 and 2018 information set forth in this document should be read in conjunction with the consolidated audited financial statements and related notes, prepared in accordance with IFRS, for the years ended December 31st, 2019 and 2018.

PRESENTATION CURRENCY

The consolidated financial statements are presented in United States Dollars ("U.S. Dollars"), unless otherwise specified. The functional currency of Freegold Ventures Limited is Canadian Dollars. However, the functional currency of the Company's foreign subsidiaries is the U.S. Dollar. Accordingly, the consolidated financial statements are presented in U.S. Dollars. Unless otherwise noted, all currency amounts presented in this MD&A are stated in U.S. Dollars.

BUSINESS OF FREEGOLD

Freegold is an exploration stage company engaged in the acquisition, exploration and evaluation of mineral properties of merit with the aim of developing them to a stage where they can be exploited at a profit or to arrange joint ventures whereby other companies provide funding for development and exploitation. The Company was incorporated in 1985 and is listed on the Toronto Stock Exchange under the symbol "FVL". As of March 30th, 2020, the Company had 220,446,210 shares outstanding. The Company has its registered corporate office in Vancouver, Canada.

REVIEW OF EXPLORATION PROJECTS

The Company continues to focus its exploration activities in Alaska on its Shorty Creek and Golden Summit Projects.

SHORTY CREEK

The Company entered into a renewable ten-year lease agreement to acquire certain mineral claims comprising the Shorty Creek Project in July 2014. The Project is located 120 kilometres northwest of Fairbanks, Alaska and 4 kilometres to the south of the all-weather paved Elliott Highway within the Livengood-Tolovana Mining District. The Company issued 750,000 common shares as consideration. The vendor will retain a 2% net smelter returns royalty ("NSR") and be responsible for the annual State of Alaska rents for the first five years after which, the Company will assume responsibility. In 2014, additional claims were staked in the area of interest and the Company will be responsible for these annual State of Alaska rents. Additional claims were also staked during the 2016 exploration program.

Shorty Creek is a copper–gold porphyry target on which Freegold intersected 91.4 metres grading 0.55% copper during its initial drill campaign in 2015. Subsequent drilling in 2016 and 2017 intersected broad zones of copper mineralization. Highlights include 434.5 metres grading 0.36% copper, 0.12 g/t gold, 7.46 g/t silver in hole SC 16-01, and 409.6 metres grading 0.29% copper, 0.06 g/t gold, and 5.66 g/t silver in Hole SC 16-02. A follow-up program in 2017 continued to expand upon these broad zones of copper mineralization. Highlights from 2017 include 360 metres grading 0.24% copper, 0.07 g/t gold, and 4.04 g/t silver in hole SC 17-01, and 408 metres grading 0.27% copper, and 0.05 g/t gold and 4.97 g/t silver in hole SC 17-02. In addition to the copper mineralization at Hill 1835, significant tungsten mineralization was intersected. Significant intercepts include 207 metres grading 0.045% W03 in hole SC 16-01, 0.03% $W0_3$ over 409.6 metres in hole SC 16-02, 0.06% $W0_3$ over 87 metres in hole SC 17-01 and 0.06% $W0_3$ over 339 metres in hole SC 17-02.

On January 16th, 2019, the Company reported results from holes SC 18-01 and SC 18-02 drilled during the 2018 program. A total of 1,166 metres were drilled in two holes within the magnetic high at Hill 1835. Both holes intersected consistent mineralization over broad widths.

Highlights from the Hole SC 18-01 & SC 18-02: 2018 program include:

Hole Number	From	To	Interval (m)	Cu %	Au g/t	Ag g/t	W03 %	Cu EQ %
SC 18-01	113	555.2	442.2	0.24	0.09	4.74	0.02	0.42
Incl	**194**	**315.15**	**121.15**	**0.45**	**0.15**	**10.5**	**0.045**	**0.80**
SC 18-02	92	534.4	442.4	0.22	0.13	4.03	0.02	0.42
Incl	92	407	315	0.25	0.08	4.61	0.026	0.44
Incl	**281**	**407**	**126**	**0.36**	**0.09**	**6.3**	**0.018**	**0.54**

*Freegold has not as yet collected sufficient data to determine how the downhole drill intervals might relate to the actual true thickness of mineralization. *Copper equivalent grades are based on metal prices of US$2.70/lb copper, US$1,280 per oz gold and US$16 per oz silver and US$220/mtu tungsten. Metal recoveries have not been applied in the copper equivalent calculation. The copper equivalent calculation is as follows; CuEq=Cu grade+(Au grade x Au price + Ag grade x Ag price)/(22.0462 x 31.1035 x Cu price) + tungsten.*

Hole SC 18-01 was drilled to a depth of 555.2 metres and terminated in a significant fault zone. Hole SC 18-02, located 175 metres southeast of Hole SC 18-01, was drilled to a depth of 610.85 metres.

The Shorty Creek Project area hosts a cluster of magnetic anomalies commonly seen in porphyry districts. Hill 1835 is only one of the potentially significant areas identified to date. The mineralized area at Hill 1835 extends over a 600 metre x 300 metre area and remains open. The 2016 program also tested a broad magnetic anomaly with coincident geochemistry at Hill 1710, an area located two kilometres north of Hill 1835, with 4 holes spaced on average 400 metres apart. The holes intersected copper mineralization with the copper grades increasing as drilling moved to the northeast. Only 1.6 kilometres of this 6.0 kilometre long magnetic feature has been drill tested.

Other exploration targets within the 100 square kilometre property include the Quarry target, where oxidized porphyritic rock with stockwork veining returned values of 500 ppm copper in rock samples. Steel Creek, which was initially tested with one hole in 2017, lies two kilometres northeast of Hill 1835 and drilling intersected anomalous copper and a mineral suite similar to that seen at Hill 1835.

Drill cores were cut in half using a core saw. In all cases, one-half of the core was placed in sealed bags for geochemical analysis and the other half stored on site. Core samples were either delivered to ALS Chemex at its facility in Fairbanks, Alaska or picked up by ALS Chemex at the camp facility. A quality control assurance program was part of the sampling program to ensure the quality of the assay results.

For results of the 2015 - 2018 drill programs, reference should be made to the full news releases contained on the Company's website at www.freegoldventures.com, as well as a technical report with respect to the Shorty Creek Project entitled, "An Updated *Technical Report for the Shorty Creek Project, Livengood – Tolovana Mining District, Alaska*" by John R. Woodman, B.Sc., P. Geo., dated April 2nd, 2018, which was filed under the Company's profile on SEDAR.

On March 5th, 2019, the Company entered into an agreement with a wholly-owned subsidiary of South32 Limited ("South32") whereby South32 has the option to earn a 70% interest in the Shorty Creek Property (the "Project"). To maintain the option in good standing, South32 must contribute minimum exploration funding of $10 million over a 4-year option period with minimum exploration expenditures of $2 million in Years 1 and 2, and $3 million in Years 3 and 4 for an aggregate amount of $10 million.

Provided that all exploration data and information has been made available by December 31 of each year of the option agreement, South32 shall decide within 30 days whether to fund a further tranche. The first year expenditure of a minimum $2 million was a firm commitment. Should South32 withdraw prior to exercising its option, the option will lapse and South32 will have no further interest in or claim against the Project.

South32 may exercise its option at any time following the completion of each year's annual program to subscribe for 70% of the shares of a newly formed project company by committing $30 million to the newly formed company, less the amount of exploration expenditures contributed by South32 during the option period.

After the subscription funding has been expended by the project holding company the parties will contribute funding on a pro rata basis of 70% and 30% to South 32 and the Company, as contemplated by the operating agreement which will govern the period subsequent to the option exercise.

The Company will act as the operator of the Project during the 4-year option period and will provide annual reports and budgets to a technical committee, formed by the Company and South32, for the purpose of reviewing and approving each year's program.

The 2019 exploration program commenced in May with a budget of $2 million fully funded by South32. During the 2019 program 100 km of induced polarization and 98 km of ground magnetic surveys were completed. In addition, 543 soil samples were collected. Results of these surveys will be utilized in helping select further drill targets on the project. A diamond drill program commenced in mid-August and a total of 5 holes (1,542 metres) were drilled. Difficult drill conditions resulted in the abandonment of three holes. Two holes were abandoned before their target depth on Hill 1835 and one hole on Hill 1710 area was also abandoned before reaching target depth.

The first drill holes of the 2019 drilling program (SC1901 and SC1901A) were collared northeast of Hill 1835. Hole SC1901, the first hole of the 2019 program, was lost at a depth of 67 metres. Hole SC1901A was subsequently drilled from the same platform as SC1901 and intersected 99.1 metres grading 0.29% Cu starting at a down-hole depth of 225.3 metres. The style of mineralization intercepted in hole SC1901A is typical of previous holes that Freegold completed to depth on Hill 1835. Copper mineralization occurs as chalcopyrite within quartz stockwork veining hosted in shale/siltstones and as fine disseminations and blebs primarily along bedding planes.

The second and third drill holes (SC1902 and SC1902A) were collared west of the Hill 1835 magnetic high anomaly. No significant assay values were intersected; however, both holes were abandoned due to ground conditions.

Hole SC1903 was collared near the southwest edge of the Hill 1835 magnetic high anomaly. A significant width of copper mineralization was intersected, and it remains open along strike and to depth. Copper mineralization is primarily chalcopyrite, which occurs within zones of intense biotite alteration within the siltstone/shale sequence. The siltstone/shale sequence are cut by several narrow mineralized porphyritic sills/dikes.

Hole SC1904 was located northeast of Hill 1710. SC1904 was drilled to a depth of 167 metres, far short of the target depth of 450 metres.

Highlights from the 2019 program include:

Hole ID	Dip	Azimuth	Depth (m)	From (m)	To (m)	Int. (m)	Cu %	Au g/t	Ag g/t
SC 1901A	-75°	135°	336.6	225.3	324.4	99.1	0.29	0.014	1.61
SC 1902	-70°	135°	No significant values						
SC1902A	-60°	135°	No significant values						
SC1903	-75°	180°	572	251.65	505.5	253.85	0.17	NSV	2.67
			incl	268.75	424	155.25	0.195	NSV	3.58
SC1904	-75°	135°	Hole abandoned before reaching target depth (NSV)						

Insufficient data to determine the true thickness of mineralization intersected in drilling.

On February 19, 2020, the Company announced that South32 committed to fund Year 2 for a minimum of $2 million in expenditures towards further exploration at the Shorty Creek project. The 2020 program is expected to focus on additional drilling with more details being released over the coming months.

GOLDEN SUMMIT

The Golden Summit Project is a road accessible gold exploration project near Fairbanks, Alaska. The Project consists of a several long-term leases (“Keystone Claims”, “Tolovana Claims”, “Newsboy Claims”, “Green Claims”, “Chatham Claims” and “Alaska Mental Health Trust Property”) and claims and lands owned by Freegold. The Project is subject to various fixed and sliding net smelter return royalties (“NSR’s”) ranging from 1 to 5% dependent on the price of gold. The Project is also subject to various payments and work commitments on an annual basis. In a deed conveying its remaining interest, Fairbanks Exploration Inc. (“FEI”) reserved a 7% working interest, which is held in trust for FEI by the Company on certain mineral claims. The Company will fund 100% of the costs until commercial production is achieved at which point FEI is required to contribute 7% of any approved budget. These claims are subject to a 2% NSR to FEI unless otherwise noted. The Company has a 30 day right of first refusal in the event that the 7% working interest of FEI or the NSR is to be sold. The Company can also purchase the NSR at any time following commercial production, based on its net present value as determined by commercial ore reserves.

Freegold has been exploring the Golden Summit Project intermittently since 1992. Exploration activities have included ground and airborne geophysics, rock, soil and trench sampling and drilling (reverse circulation, rotary air blast and core). In addition, detailed geochemical and geophysical programs have been undertaken over the entire Project. The Project is host to several high-grade historical gold mines as well as significant historical placer gold production. It is estimated that some 6.75 million ounces of placer gold have been recovered from the streams that drain the Golden Summit Project area.

Since 2011, four resource updates have been completed on the Project. The most recent technical report on the Golden Summit Project, entitled "*Technical Report, Golden Summit Project, Preliminary Economic Assessment, Fairbanks North Star Borough, Alaska, USA*" dated January 20th, 2016 and Amended and Restated as of May 11th, 2016 prepared by Tetra Tech, Inc. and Mark J. Abrams, C.P.G. and Gary Giroux, P. Eng., M.A.Sc. of Giroux Consultants Ltd. (the "Golden Summit Technical Report") has been filed under the Company's profile on SEDAR.

The preliminary economic assessment ("PEA") reflected in the Golden Summit Technical Report is preliminary in nature, it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the PEA will be realized.

The PEA evaluates a two-phase, 24-year life of mine open pit mine generating two gold streams, each operating at 10,000 tonnes per day (tpd). Processing operations for the oxide and sulfide mineralized materials are heap leach and bio-oxidation, respectively. All values are presented in US$.

Based on a gold price of $1,300/oz, highlights of the PEA include:

- A post-tax net present value using a 5% discount rate and an internal rate of return of $188 million and 19.6%, respectively;
- A mine life of 24 years with peak annual gold production of 158 thousand ounces (koz) and average annual gold production of 96 koz;
- 2,358 koz of doré produced over the life of mine;
- Total cash cost estimated at $842/oz Au (including royalties, refining and transport);
- Ability to execute Phase 1 with low initial capital; initial and sustaining capital costs, including contingency, estimated at $88 million and $348 million respectively;
- A payback of 3.3 years post-tax; and
- Favourable geopolitical climate; completion risk is ameliorated through strong legislative and financial support at state and federal levels.

Potential optimization of the project includes the expansion of theoxide material, which may have the potential to increase the project's overall IRR and NPV, by increasing the throughput during the oxide phase. During the 2017 season, a total of 27 holes were drilled in an area to the north of the current resource area. Using results of the previously completed RAB (Rotary Air Blast) drilling, ground resistivity and soil geochemistry, a series of vertical holes, spaced roughly 50 metres apart were completed. The hole pattern was designed to determine if the current oxide resource could be expanded to the north as well as to establish boundaries to the current oxide resource. The results of the 2017 program demonstrated the potential for expansion of the current oxide resource at Golden Summit to the north with the majority of the holes returning average grades above the oxide grade cut-off used in the 2016 PEA. The oxide resource is contained largely within the upper 200 feet (60 metres) of the surface. To date, resource drilling has been confined to a 300 metre by 1.5 kilometre area (approx. 110 acres) however, the entire Golden Summit project area covers 13,000 acres and hosts numerous other significant exploration targets with potential to host additional resources, all of which would have the potential for an oxide cap within 200 feet (60 metres) of surface.

The 2020 winter drill program at Golden Summit commenced on February 26th, 2020. The program was expected to test a revised interpretation based on the Company's work that higher-grade mineralization may extend to the west of the old Cleary Hill Mine workings in an area of limited previous drilling. As the district's highest grade historical underground mine, Cleary Hill produced 281,000 ounces at an average grade of 1.3 oz. per/t before production ceased in 1942. The potential for higher grade could potentially increase the overall resource grade.

On March 25th, 2020, the Company announced the program was suspended as the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

The technical disclosure contained in the MD&A has been reviewed and approved by Alvin Jackson, P.Geo., Vice President Exploration and Development for the Company, who is a "Qualified Person" as defined under National Instrument 43-101.

SELECTED ANNUAL INFORMATION

The following table summarizes selected financial data for Freegold for each of the three most recently completed financial years. The information set forth below should be read in conjunction with the consolidated audited financial statements, prepared in accordance with IFRS, and related notes:

	Years Ended December 31st, (audited)		
	2019	**2018**	**2017**
Total revenues	$174,899	$Nil	$Nil
General and administrative expenses – non-stock based	491,318	624,626	640,594
General and administrative expenses – stock compensation	2,901	133,615	4,824
Exploration and evaluation property expenditures	2,356,983	1,104,236	2,509,870
Net loss o In total o Basic and diluted loss per share	 347,444 0.00	 760,981 0.00	 338,535 0.00
Comprehensive loss before income taxes o In total o Basic and diluted comprehensive loss per share	 366,443 0.00	 753,073 0.00	 247,968 0.00
Totals assets	39,586,075	38,148,331	37,662,905
Total non-current liabilities	275,730	230,033	220,655
Cash dividends declared	Nil	Nil	Nil

The comprehensive loss for the fiscal year ended December 31st, 2019 decreased to $366,443 from a comprehensive loss of $753,073 incurred during fiscal 2018 mainly due to share-based compensation of $133,615 in 2018. The 2019 year included a gain on forgiveness of debt of $20,013 and management fee revenue of $174,899.

The comprehensive loss for the fiscal year ended December 31st, 2018 increased to $753,073 from a comprehensive loss of $247,968 incurred during fiscal 2017 mainly due to share-based compensation of $133,615 in 2018. The 2017 year included a gain on forgiveness of debt of $318,465

RESULTS OF OPERATIONS

Year ended December 31st, 2019

On January 1st, 2019, the Company adopted all of the requirements of IFRS 16 – Leases. It provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The Company has a three-year office lease, which resulted in a “right-of-use” asset of $82,293 and a corresponding current lease liability of $50,943 and a non-current lease liability of $35,922 as of December 31, 2019. The associated depreciation is $49,175 and rent expense is reduced accordingly.

The Company’s net loss for the year ended December 31st, 2019 was $366,443 compared to $753,073 for the year ended December 31st, 2018. The decrease in net loss was mainly attributable to a reduction in general and administrative expenses from $758,241 to $494,219, a decrease of $264,022. The changes in general and administrative expenses were mainly attributable to:

- a reduction of $50,608 in rent and utilities expenses from $52,622 in 2018 to $2,014 in 2019 and a corresponding increase in depreciation as a result of the adoption of IFRS 16;

- a decrease of $46,501 in promotion and shareholder relations expenses, from $81,203 in 2018 to $34,702;

- a decrease of $67,137 in travel and transportation expenses, from $85,799 in 2018 to $18,662;

- a non-cash share-based expense of $2,901 was recorded in 2019 compared to $133,615 in 2018;

- a non-cash financing cost of $47,811 was recorded as a result of 1,252,130 broker warrants that were modified during the year. The exercise price was reduced from Cdn$0.12 to Cdn$0.10 and the maturity date was extended to September 19, 2020;

- a $20,013 gain on forgiveness of debt was recorded upon the reduction of a previous trade payable;

- a $174,899 management fee revenue was recorded to recognize the 10% management fee associated with the Shorty Creek option agreement; and

- an increase of $13,685 in interest income, from $1,773 in 2018 to $15,458, due to increased amounts of cash on deposit.

  All other general and administrative costs were relatively similar to those incurred in the previous year.

During the year ended December 31st, 2019, the Company incurred the below acquisition and exploration and evaluation property expenditures:

		Golden Summit Property		Shorty Creek Property		Total
Acquisition costs						
Balance, December 31st, 2018	$	3,169,819	$	198,546	$	3,368,365
Additions		53,000		-		53,000
Balance, December 31st, 2019	$	3,222,819	$	198,546	$	3,421,365
Exploration and evaluation costs						
Balance, December 31st., 2018	$	28,786,525	$	5,433,651	$	34,220,176
Assaying		-		64,977		64,977
Camp costs		-		211,897		211,897
Drilling		-		427,050		427,050
Engineering and consulting		-		68,783		68,783
Geological and field expenses		18,915		122,587		141,502
Geophysics		-		297,099		297,099
Helicopter support		-		391,971		391,971
Land maintenance and tenure		78,036		116,975		195,011
Legal		4,323		-		4,323
Metallurgical studies		-		16,993		16,993
Overhead cost		-		174,899		174,899
Personnel		45,147		250,615		295,762
Travel		8,265		58,451		66,716
Total incurred during the year ended December 31st, 2019	$	154,686	$	2,202,297	$	2,356,983
Less:						
Expenditure recovery		-		(1,931,421)		(1,931,421)
Overhead recovery		-		(200,000)		(200,000)
Balance, December 31st, 2019	$	28,941,211	$	5,504,527	$	34,445,738
Total	**$**	**32,164,030**	**$**	**5,703,073**	**$**	**37,867,103**

The increase in cash of $1,068,100 for the year ended December 31st, 2019 was mainly attributable to $1,468,405 net proceeds received from financing activities less the annual loss of $347,444. Mineral exploration and acquisition costs of $2,566,211 were incurred with $2,131,421 being recovered pursuant to the option agreement with South32. This compares to a decrease in cash of $680,366 for the year ended December 31st, 2018 that was mainly attributable to $916,525 net proceeds received from financing activities less the annual loss of $760,981 and $1,163,320 incurred on mineral exploration and acquisition costs.

Three month period ended December 31st, 2019

The three month period ended December 31st, 2019 resulted in net comprehensive income of $50,470 compared to the net comprehensive loss of $91,882 for the three month period ended September 30th, 2019. The income in the three month period ended December 31st, 2019 was mainly due to the reallocation of $110,587 in salary to the Company's exploration and evaluation properties.

The other changes in net comprehensive loss from September 30th, 2019 to December 31st, 2019 were mainly attributable to:

- an increase of $43,607 in professional fees, from $47,895 on September 30th, 2019 to $91,502 on December 31st, 2019 as the Company accrued the estimated cost of the 2019 annual audit;

- an increase of $14,988 in promotion and shareholder relations, from $19,714 on September 30th, 2019 to $34,702 on December 31st, 2019. The increase was mainly attributable to activities to increase investor awareness;

- an increase of $31,953 in management fee revenue from $142,946 on September 30th, 2019 to $174,899 on December 31st, 2019 was recorded to recognize the 10% management fee associated with the Shorty Creek option agreement;

All other general and administrative costs were relatively similar to those incurred in the previous three month period.

During the three month period ended December 31st, 2019, the Company incurred the following acquisition and exploration and evaluation property expenditures:

		Golden Summit Property		Shorty Creek Property		Total
Acquisition costs						
Balance, September 30th, 2019	$	3,213,319	$	198,546	$	3,411,865
Additions		9,500		-		9,500
Balance, December 31st, 2019	$	3,222,819	$	198,546	$	3,421,365
Exploration and evaluation costs						
Balance, September 30th, 2019	$	28,831,047	$	5,312,032	$	34,143,079
Assaying		-		46,313		46,313
Camp costs		-		6,201		6,201
Drilling		-		37,097		37,097
Engineering and consulting		-		11,864		11,864
Geological and field expenses		8,834		40,997		49,831
Geophysics		-		10,347		10,347
Helicopter support		-		36,356		36,356
Land maintenance and tenure		54,209		112,241		166,450
Legal		928		-		928
Overhead cost		-		31,835		31,835
Personnel		44,198		202,304		246,502
Travel		1,995		7,118		9,113
Total incurred during the year ended December 31st, 2019	$	110,164	$	542,673	$	652,837
Less:						
Expenditure recovery		-		(350,178)		(350,178)
Balance, December 31st, 2019	$	28,941,211	$	5,504,527	$	34,445,738
Total	**$**	**32,164,030**	**$**	**5,703,073**	**$**	**37,867,103**

SUMMARY OF QUARTERLY RESULTS

The following selected financial information is derived from the unaudited consolidated interim financial statements of the Company prepared in accordance with IFRS:

Quarters Ended (unaudited)

	Dec. 31st 2019	Sept. 30th 2019	June 30th 2019	Mar. 31st 2019	Dec. 31st 2018	Sept. 30th 2018	June 30th 2018	Mar. 31st 2018
Total revenues	$31,953	$106,576	$36,370	$Nil	$Nil	$Nil	$Nil	$Nil
Net comprehensive (loss) income – before tax	50,470	(91,882)	(115,748)	(190,284)	(19,272)	(318,110)	(227,636)	(195,963)
Net comprehensive (loss) income per share	0.00	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Total assets	39,586,075	40,115,631	39,682,967	38,920,856	38,148,331	37,884,114	37,149,516	37,426,486

The Company's exploration expenses generally tend to be lower during winter months as much of the field exploration is carried out during the summer season. In particular, the Shorty Creek drill season is limited largely from May to September, although drilling is possible year-round at Golden Summit.

Liquidity and capital resources

At December 31th, 2019, the Company's working capital, defined as current assets less current liabilities, was $194,472 compared to a deficit of $650,785 at December 31st, 2018. The Company has current liabilities of $1,088,960 of which $208,202 relates to trade payables and accrued liabilities, $50,943 relates to the current portion of the office lease liability and $829,815 is owed to related parties. On September 5, 2019, the Company completed a non-brokered private placement of 31,492,304 ("Units"), priced at Cdn$0.0625 per Unit for total proceeds of Cdn$1,968,269 ($1,483,583). Each Unit consists of one common share (a "Share") and one half of a common share purchase warrant. Each whole warrant entitles the holder to acquire an additional Share at a price of Cdn$0.081 per Share until September 5th, 2022. The Company may be required to seek additional financing for working capital and funding for potential further exploration activities at Golden Summit. In March 2019, the Company announced an option agreement with South32 whereby South32 has the option to earn a 70% interest in the Shorty Creek Property by committing $30 million. The 2019 program of $2 million was funded by South32 and the 2020 program will also be funded by South32 and consists of a guaranteed minimum $2 million exploration program.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments and share-based payments, the recognition and valuation of provisions for restoration and environmental obligations, the recoverability and measurement of deferred tax assets and liabilities, determination of functional currencies and ability to continue as a going concern. Actual results may differ from those estimates and judgments.

A detailed summary of all of the Company's significant accounting policies is included in Note 2 to the consolidated financial statements for the year ended December 31st 2019.

Going Concern Assumption

The recoverability of amounts shown for exploration and evaluation properties and related exploration and development expenditures is dependent upon the economic viability of recoverable reserves, the ability of the Company to obtain the necessary permits and financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Currently, the Company has interest income and management fee revenue but is dependent on equity financings to fund the majority of its activities. The Company had positive working capital at December 31st, 2019 and the Company endeavors to manage the cash position prudently through ongoing monitoring of current and future cash and working capital balances relative to planned activities. The available capital may not be sufficient to fund the Company's planned activities through 2020.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

Interests in Mining Properties and Exploration and Development Expenditures

In accordance with the Company's accounting policies, acquisition costs and exploration expenditures relating to exploration and evaluation properties are capitalized until the properties are brought into commercial production or disposed. Amortization will commence when a property is put into commercial production. As the Company does not currently have any properties in commercial production, no amortization has been recorded.

Mineral reserve and mineral resource estimates are not precise and also depend on statistical inferences drawn from drilling and other data, which may prove to be unreliable. Future production could differ from mineral resource estimates for the following reasons:

- mineralization could be different from those predicted by drilling, sampling and similar tests;
- the grade of mineral resources may vary from time to time and there can be no assurance that any particular level of recovery can be achieved from the mineral resources; and
- declines in the market prices of contained minerals may render the mining of some or all of the Company's mineral resources uneconomic.

Any of these factors may result in impairment of the carrying amount of interests in mining properties or exploration and development expenditures.

Share-Based Payments, Warrants and Compensation Options

Directors, officers, employees and contractors are granted options to purchase common shares under the Company's Stock Option Plan. This plan and its terms and outstanding balance are disclosed in Note 9(c) to the consolidated financial statements for the year ended December 31st, 2019.

The Company recognizes an expense for option awards using the fair value method of accounting. The Company also records the fair value of warrants granted through private offerings or in lieu of fees and compensation options granted using a fair-value estimate. Management estimates the fair value of stock options, warrants granted through private offerings or in lieu of fees, and compensation options using the Black-Scholes Option Pricing Model. The Black-Scholes Option Pricing Model, used by the Company to calculate fair values, as well as other accepted option valuation models, was developed to estimate fair value of freely tradable, fully transferable options and warrants, which may significantly differ from the Company's stock option awards or warrant grants. These models also require four highly subjective assumptions, including future stock price volatility and expected time until exercise, which greatly affect the calculated values. Accordingly, management believes that these models do not necessarily provide a reliable single measure of the fair value of the Company's stock option awards. The valuation models are used to provide a reasonable estimate of fair value given the variables used.

Restoration and Environmental Obligations

Legal or constructive obligations associated with site restoration on the retirement of assets are recognized when they are incurred and when a reasonable estimate of the value of the obligation can be made. While, the Company has not commenced operations on its mining properties and the principal projects are in the exploration stage, certain exploration activities have occurred that have given rise to a constructive obligation related to the reclamation of the site for the Golden Summit Project. As such, the Company has recognized an environmental rehabilitation provision for the project. Due to the uncertainty around the settlement date and measurement of potential asset retirement obligations for the Company's projects, management considers the assumptions used to calculate the present value of such liabilities at each reporting period and updates the value recognized as required.

Contractual Commitments

The following table discloses, as of December 31st, 2019, the Company's contractual obligations, including anticipated mineral property payments and work commitments. Under the terms of the Company's mineral property purchase agreements, mineral leases and the terms of the unpatented mineral claims held by it, the Company is required to make certain scheduled acquisition payments, incur certain levels of expenditures, make lease or advance royalty payments, make payments to government authorities and incur assessment work expenditures as summarized in the table below in order to maintain and preserve the Company's interest in the related mineral properties. If the Company is unable or unwilling to make any such payments or incur any such expenditures, it is likely that the Company would lose or forfeit it rights to acquire or hold the related mineral properties. The following table assumes that the Company retains the rights to all of its current mineral properties, but does not exercise any lease purchase or royalty buyout options:

The Company is committed under exploration and evaluation property option agreements to pay cash and incur exploration expenditures as outlined in the table below but has the ability to reduce or terminate the option agreements upon appropriate notice.

		2020	**2021**	**2022**	**2023**	**2024**	*** 2025 and beyond**		**Total**
Golden Summit payments	$	171,465	414,000	379,000	379,000	379,000	379,000	$	2,101,465
Golden Summit exploration	$	75,000	75,000	75,000	75,000	75,000	75,000	$	450,000
Total	$	246,465	489,000	454,000	454,000	454,000	454,000	$	2,551,465

*Annual amounts

For more detailed information on the Company's statutory property payments and exploration commitments, see the Company's Annual Information Form for the year ended December 31st, 2019 and Note 5 to the Company's audited financial statements for the year ended December 31st, 2019.

The Company has future commitments related to payments required under a photocopier lease agreement (amounts in Canadian dollars).

	< 1 year (Cdn$)	**2-5 years (Cdn$)**	**Total (Cdn$)**
Photocopier lease payments	4,006	1,002	5,008

See Note 11 of the Company's consolidated financial statements for the year ended December 31st, 2019.

Off-balance sheet arrangements

The Company has no off-balance sheet arrangements.

Financial Instruments

On January 1, 2018, the Company adopted all of the requirements of IFRS 9 – Financial Instruments. The effect of initially applying this standard did not have a material impact on the Company's financial statements.

The details of the new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out in Note 2(d) in the audited consolidated financial statements for the year ended December 31, 2019.

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises primarily from the Company's cash and cash equivalents and amounts receivable. The Company manages its credit risk relating to cash and cash equivalents by dealing only with highly-rated Canadian financial institutions. As at December 31st, 2019, amounts receivable of $21,792 (December 31st, 2018 - $58,672) was comprised of goods and services tax receivable of $6,171 (December 31st, 2018 - $4,547), interest receivable of $4,703 (December 31st, 2018 - $129) and other receivables of $10,918 (December 31st, 2018 - $53,996). As a result, credit risk is considered insignificant.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by continuously monitoring actual and projected cash flows and matching the maturity profile of financial assets and liabilities. As at December 31st, 2019, the Company had cash of $1,240,039 to settle current liabilities of $1,088,960 which have contractual maturities of less than 30 days and are subject to normal trade terms.

Currency Risk

Foreign currency exchange risk is the risk that future cash flows, net income and comprehensive income will fluctuate as a result of changes in foreign exchange rates. As the Company's operations are conducted internationally, operations and capital activity may be transacted in currencies other than the functional currency of the entity party to the transaction.

The Company's objective in managing its foreign currency risk is to minimize its net exposures to foreign currency cash flows by obtaining most of its estimated annual U.S. cash requirements and holding the remaining currency in Canadian dollars. The Company monitors and forecasts the values of net foreign currency cash flow and consolidated statement of financial position exposures and from time to time could authorize the use of derivative financial instruments such as forward foreign exchange contracts to economically hedge a portion of foreign currency fluctuations.

The following table provides an indication of the Company's foreign currency exposures during the years ended December 31st, 2019 and 2018:

	December 31st, 2019 (Cdn$)	December 31st, 2018 (Cdn$)
Cash and cash equivalents	1,192,239	123,079
Trade payables and accrued liabilities	126,075	236,818
Due to related parties	1,077,764	761,400

A 1% change in Canadian/US foreign exchange rate at year-end would have changed the net loss of the Company, assuming that all other variables remained constant, by approximately $235 for the year ended December 31st, 2019 compared to $8,751 for the year ended December 31st, 2018.

The Company has not entered into any derivative instruments to offset the impact of foreign currency fluctuations.

Interest Rate Risk

The Company is not subject to interest rate risk.

Commodity Price Risk

The Company is in the exploration stage and is not subject to commodity price risk.

SUBSEQUENT EVENT

On February 19, 2020, South32 committed to fund Year 2 exploration for an additional $2 million of expenditures on the Shorty Creek property.

OUTSTANDING SHARE DATA

The Company is authorized to issue unlimited common shares without par value. As at March 30th, 2020, there were 220,446,210 outstanding common shares compared to 188,953,906 outstanding shares at December 31st, 2018.

The increase reflects the 31,492,304 shares at Cdn$0.0625 issued pursuant to the September 5th, 2019 non-brokered private placement.

As at March 30th, 2020 there were 44,454,482 warrants outstanding.

	Number Outstanding on March 30th, 2020	Exercise Price per Share Cdn$	Expiry Date
	12,521,300	$0.15	September 19th, 2020
	1,252,130	$0.10	September 19th, 2020
	14,935,000	$0.12	October 26th, 2021
	15,746,152	$0.081	September 5th, 2022
Total	**44,454,582**		

On September 13th, 2019, 12,521,300 share purchase warrants at Cdn$0.18 were reduced to Cdn$0.15 and extended until September 19th, 2020 and 1,252,130 share purchase warrants at Cdn$0.12 were reduced to Cdn$0.10 and extended until September 19th, 2020.

Directors, officers, employees and contractors are granted options to purchase common shares under the Company's Stock Option Plan. This plan and its terms and outstanding balance are disclosed in Note 9d to the consolidated financial statements for the year ended December 31st, 2019.

As at March 30th, 2020 there were 7,670,000 stock options outstanding as disclosed in the below table:

	Number Outstanding March 30th, 2020	**Number Exercisable March 30th, 2020**	**Exercise Price per Share Cdn$**	**Expiry Date**
	150,000	150,000	$ 0.12	July 28th, 2020
	4,220,000	4,220,000	$ 0.21	July 8th, 2021
	50,000	50,000	$ 0.155	April 6th, 2022
	3,150,000	3,150,000	$ 0.10	July 23rd, 2023
	100,000	100,000	$ 0.07	May 15th, 2024
Total	7,670,000	7,670,000		

RELATED PARTY TRANSACTIONS

The Company considers the President and Chief Executive Officer, Chief Financial Officer, Vice-President of Exploration and Development, Corporate Secretary, directors and any companies controlled by these parties to be key management personnel.

A summary of compensation paid to key management personnel is as follows:

	December 31st, 2019	December 31st, 2018
Kristina Walcott - President and CEO *	$ 159,603	$ 159,326
Alvin Jackson - VP Exploration and Development *	159,603	159,326
Gordon Steblin - CFO	60,441	61,520
Taryn Downing - Corporate Secretary	9,066	9,228
Stock based compensation	2,901	133,615
Total	$ 391,614	$ 523,015

*During the year ended December 31st, 2019, $220,989 (December 31st, 2018, $224,931) of the President's and Vice President's salary was allocated to the Company's exploration and evaluation properties.

The Company incurred $2,800 in share issue costs with WeirFoulds LLP, a legal firm of which a Director of the Company is a partner.

A summary of amounts due to related parties is as follows:

		December 31st, 2019		December 31st, 2018
Kristina Walcott - President and CEO	$	351,847	$	239,686
Alvin Jackson - VP Exploration and Development		346,233		234,340
Gordon Steblin - CFO		105,300		64,538
Taryn Downing - Corporate Secretary		26,435		19,565
Total	$	829,815	$	558,129

Key management personnel include individuals having authority and responsibility for planning, directing and controlling the activities of the Company, including the directors, and any companies controlled by these parties.

These amounts were incurred in the ordinary course of business, are non-interest bearing, unsecured and due on demand unless otherwise noted.

DISCLOSURE CONTROLS AND PROCEDURES

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), together with other members of management, evaluated the design and operating effectiveness of the Company's disclosure controls and procedures as at the financial year ended December 31st, 2019. Based on that evaluation, the CEO and the CFO concluded that the design and operation of these disclosure controls and procedures were effective as at December 31st, 2019 to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, would be made known to them by others within those entities and that information required to be disclosed by the Company in its annual and interim filings and other reports submitted under securities legislation was recorded, processed, summarized and reported within the periods specified in securities legislation.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The CEO and CFO, together with other members of management, evaluated the design and operating effectiveness of the Company's internal controls over financial reporting as at the financial year ended December 31st, 2019. Based on that evaluation, the CEO and CFO concluded that the design and operation of internal controls over financial reporting were effective as at December 31st, 2019 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS. In designing and implementing such controls, it should be recognized that any system of the internal control over financial reporting, no matter how well designed and operated, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to consolidated financial statement preparation and may not prevent or detect all misstatements due to error or fraud.

CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING

There have been no changes in the Company's internal controls over financial reporting during the year ended December 31st, 2019 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

RISKS AND UNCERTAINTIES

The Company believes that the following items represent significant areas for consideration.

Cash Flows and Additional Funding Requirements

The Company has limited financial resources, no sources of operating cash flows and no assurances that sufficient funding will be available to continue to carry on its business and develop its mineral properties.

Industry

The Company is engaged in the exploration of mineral properties, an inherently risky business. There is no assurance that funds spent on the exploration and development of a mineral deposit will result in the discovery of an economic ore body. Most exploration projects do not result in the discovery of commercially mineable ore deposits.

Commodity Prices

The success of the Company's operations will be dependent in part upon the market price of mineral commodities. 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.

Competition

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.

Foreign Political Risk

The Company's material property interests are currently located in the United States. A significant portion of the Company's interests are exposed to various degrees of political, economic and other risks and uncertainties. The Company's operations and investments may be affected by local political and economic developments, including expropriation, nationalization, invalidation of government orders, permits or agreements pertaining to property rights, political unrest, labour disputes, limitations on repatriation of earnings, limitations on mineral exports, limitations on foreign ownership, inability to obtain or delays in obtaining necessary mining permits, opposition to mining from local, environmental or other non-governmental organizations, government participation, royalties, duties, rates of exchange, high rates of inflation, price controls, exchange controls, currency fluctuations, taxation and changes in laws, regulations or policies as well as by laws and policies of Canada affecting foreign trade, investment and taxation.

Government Laws, Regulation & Permitting

Mining and exploration activities of the Company are subject to both domestic and foreign laws and regulations governing prospecting, development, production, taxes, labour 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 licences 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.

Title to Properties

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

The Company has the right to earn an interest in certain of its properties. To earn its interest in each property, the Company is required to make certain cash payments and incur certain exploration expenditures. If the Company fails to make these payments and incur such expenditures, the Company may lose its right to such properties and forfeit any funds expended to such time.

Estimates of Mineral Resources

The mineral resource estimates used by the Company are estimates only and no assurance can be given that any particular level of recovery of minerals will in fact be realized or that an identified resource will ever qualify as a commercially mineable (or viable) deposit which can be legally or commercially exploited. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material.

Key Management

The success of the Company will be largely dependent upon the performance of its key officers, consultants and employees. Locating and developing mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration personnel involved. The success of the Company is largely dependent on the performance of its key individuals. 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.

Volatility of Share Price

Market prices for shares of early stage companies are often volatile. Factors such as announcements of mineral discoveries, financial results, and other factors could have a significant effect on the price of the Company's shares.

Foreign Currency Risk

A substantial portion of the Company's expenses and payables are now, and are expected to continue to be incurred in United States currency. The Company's business will be subject to risks typical of an international business including, but not limited to, differing tax structures, regulations and restrictions and general foreign exchange rate volatility. Fluctuations in the exchange rate between the Canadian dollar and United States dollar may have a material effect on the Company's business, financial condition and results of operations and could result in downward price pressure for the Company's products in or losses from currency exchange rate fluctuations. The Company does not actively hedge against foreign currency fluctuations.

Conflict of Interest

Some of the Company's directors and officers are directors and officers of other natural resource or mining-related companies. These associations may give rise from time to time to conflicts of interest which will be subject to the procedures and remedies under the *Business Corporation Act (British Columbia)*. As a result of any such conflict, the Company may miss the opportunity to participate in certain transactions.

Public Health Crises

The Company's business, operations and financial condition could be materially adversely affected by the outbreak of epidemics or pandemics or other health crises beyond its control, including the current outbreak of COVID-19. On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a global health emergency. Many governments have likewise declared that the COVID-19 outbreak in their jurisdictions constitutes an emergency. Reactions to the spread of COVID-19 have led to, among other things, significant restrictions on travel, business closures, quarantines and a general reduction in economic activity. While these effects are expected to be temporary, the duration of the business disruptions and related financial impact cannot be reasonably estimated at this time. Such public health crises can result in volatility and disruptions in the supply and demand for various products and services, global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect interest rates, credit ratings, credit risk and inflation. The risks to the Company of such public health crises also include risks to employee health and safety and a slowdown or temporary suspension of operations in geographic locations impacted by an outbreak. As a result of the COVID-19 outbreak, the Company has suspended its current drill program at its Golden Summit property and may have to delay its proposed 2020 drill program at its Shorty Creek property. While the extent to which COVID-19 may impact the Company is uncertain, it is possible that COVID-19 may have a material adverse effect on the Company's business, results of operations and financial condition.

OUTLOOK

On March 5, 2019, the Company entered into an agreement with a wholly-owned subsidiary of South32, whereby South32 has the option to earn a 70% interest in the Shorty Creek Property (the "Project"). To maintain the option in good standing, South32 must contribute minimum exploration funding of $10 million over a 4-year option period with minimum exploration expenditures of $2 million in Years 1 and 2, and $3 million in Years 3 and 4 for an aggregate of $10 million.

On February 19, 2020, the Company announced that South32 committed to fund Year 2,which represents a minimum of $2 million expenditures towards further exploration at the Shorty Creek project. The 2020 program is expected to focus on additional drilling with more details being released over the coming months. The 2020 program may be delayed as a result of the COVID-19 pandemic.

The 2020 winter drill program at Golden Summit commenced on February 26th, 2020. The program was expected to test a revised interpretation based on the Company's work that higher-grade mineralization may extend to the west of the old Cleary Hill Mine workings in an area of limited previous drilling. As the district's highest grade historical underground mine, Cleary Hill produced 281,000 ounces at an average grade of 1.3 oz. per/t before production ceased in 1942. The potential for higher grade could potentially increase the overall resource grade.

On March 25th, 2020, the Company announced the program was suspended as the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

This discussion contains certain forward-looking information. This forward-looking information includes, or may be based upon, estimates, forecasts, and statements as to management's expectations with respect to, among other things, the size and quality of the Company's mineral resources, progress in development of mineral properties, and the amount and quality of metal products recoverable from the Company's mineral resources. Forward-looking information is based on the opinions and estimates of management at the date the information is given, and is subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information. These factors include the inherent risks involved in the exploration and development of mineral properties, the uncertainties involved in interpreting drilling results and other geological data, fluctuating metal prices, the possibility of unanticipated costs and expenses, uncertainties relating to the availability and costs of financing needed in the future and uncertainties related to metal recoveries. Readers are cautioned to not place undue reliance on forward-looking information because it is possible that predictions, forecasts, projections and other forms of forward-looking information will not be achieved by the Company. These forward-looking statements are made as of the date hereof and the Company assumes no responsibility to update them or revise them to reflect new events or circumstances, except as required by law.