

**MINAURUM GOLD INC.**

**Management Discussion and Analysis**

**For the three months ended July 31, 2020 and 2019**

**Containing information up to and including  
September 29, 2020**

### **Notice**

Management's Discussion and Analysis ("MD&A") is intended to help the reader understand Minaurum Gold Inc. (the "Company" or "Minaurum") financial statements. The information provided herein should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the three months ended July 31, 2020 and 2019, and the audited consolidated financial statements for the years ended April 30, 2020 and 2019, which are prepared in accordance with International Financial Accounting Standards ("IFRS"). The following comments may contain management estimates of anticipated future trends, activities or results. These are not a guarantee of future performance, since actual results could change based on other factors and variables beyond management control.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable. The Company's board of directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The board's audit committee meets with management quarterly to review the financial statements including the MD&A and to discuss other financial, operating and internal control matters.

The reader is encouraged to review Company statutory filings on [www.sedar.com](http://www.sedar.com) and to review general information.

All currency amounts are expressed in Canadian dollars unless otherwise noted.

### **Description of Business**

The Company is an exploration stage company and engages principally in the exploration and evaluation of mineral resource assets in Mexico. The Company trades on the TSX Venture Exchange under the symbol "MGG".

### **Caution Regarding Forward-Looking Statements**

This MD&A contains forward-looking statements and forward-looking information (collectively, "forward-looking statements") within the meaning of applicable Canadian and US securities legislation. These statements relate to future events or the future activities or performance of the Company. All statements, other than statements of historical fact are forward-looking statements. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. These forward-looking statements include, but are not limited to, statements concerning:

- the Company's strategies and objectives, both generally and in respect of its specific mineral properties;
- the timing of decisions regarding the strategy and costs of exploration programs with respect to, and the issuance of the necessary permits and authorizations required for, the Company's exploration programs;
- the timing and cost of planned exploration programs of the Company, and the timing of the receipt of results there from;
- the Company's future cash requirements;
- general business and economic conditions;
- the Company's ability to meet its financial obligations as they come due, and to be able to raise the necessary funds to continue operations;
- the timing and pricing of proposed financings if applicable;
- the anticipated completion of financings;

- the anticipated receipt of regulatory approval/acceptance of financings;
- the anticipated use of the proceeds from the financings;
- the potential to verify and potentially expand upon the historical resources;
- the potential for the expansion of the known mineralized zones; and
- the potential for the amenability of mineralization to respond to proven technologies and methods for recovery of ore.

Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Inherent in forward-looking statements are risks and uncertainties beyond the Company's ability to predict or control, including, but not limited to, risks related to the Company's inability to negotiate successfully for the acquisition of interests in exploration and evaluation assets, the determination of applicable governmental agencies not to issue the exploration concessions applied for by the Company or excessive delay by the applicable governmental agencies in connection with any such issuances, the Company's inability to identify one or more economic deposits on its properties, variations in the nature, quality and quantity of any mineral deposits that may be located, the Company's inability to obtain any necessary permits, consents or authorizations required for its activities, to produce minerals from its properties successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies, and other risks identified herein under "Risk Factors".

The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results are likely to differ, and may differ materially, from those expressed or implied by forward-looking statements contained in this MD&A. Such statements are based on a number of assumptions which may prove incorrect, including, but not limited to, assumptions about:

- the level and volatility of the prices for precious metals;
- general business and economic conditions;
- the timing of the receipt of regulatory and governmental approvals, permits and authorizations necessary to implement and carry on the Company's planned exploration programs;
- conditions in the financial markets generally, and with respect to the prospects for junior exploration gold and precious metal companies specifically;
- the Company's ability to secure the necessary consulting, drilling and related services and supplies on favorable terms;
- the Company's ability to attract and retain key staff, and to retain consultants to provide the specialized information and skills involved in understanding the precious metal exploration, mining, processing and marketing businesses;
- the nature and location of the Company's mineral exploration projects, and the timing of the ability to commence and complete the planned exploration programs;
- the anticipated terms of the consents, permits and authorizations necessary to carry out the planned exploration programs and the Company's ability to comply with such terms on a cost-effective basis;
- the ongoing relations of the Company with government agencies and regulators and its underlying property vendors/options; and

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- that the metallurgy and recovery characteristics of samples from certain of the Company's exploration and evaluation assets are reflective of the deposit as a whole.

These forward-looking statements are made as of the date hereof and the Company does not intend and does not assume any obligation, to update these forward-looking statements, except as required by applicable law. For the reasons set forth above, investors should not attribute undue certainty to or place undue reliance on forward-looking statements.

Historical results of operations and trends that may be inferred from the following discussion and analysis may not necessarily indicate future results from operations. In particular, the current state of the global securities markets may cause significant reductions in the price of the Company's securities and render it difficult or impossible for the Company to raise the funds necessary to continue operations. See "Risk Factors".

**Caution Regarding Adjacent or Similar Exploration and Evaluation Assets**

This MD&A contains information with respect to adjacent or similar exploration and evaluation assets in respect of which the Company has no interest or rights to explore or mine. The Company advises US investors that the mining guidelines of the US Securities and Exchange Commission (the "SEC") set forth in the SEC's Industry Guide 7 ("SEC Industry Guide 7") strictly prohibit information of this type in documents filed with the SEC. Readers are cautioned that the Company has no interest in or right to acquire any interest in any such properties, and that mineral deposits on adjacent or similar properties, and any production therefore or economics with respect thereto, are not indicative of mineral deposits on the Company's properties or the potential production from, or cost or economics of, any future mining of any of the Company's exploration and evaluation assets.

All of the Company's public disclosure filings, including its most recent management information circular, material change reports, press releases and other information, may be accessed via [www.sedar.com](http://www.sedar.com) and readers are urged to review these materials, including the technical reports filed with respect to the Company's exploration and evaluation assets.

**Selected Annual Information**

	<b>Year ended April 30, 2020</b>	<b>Year ended April 30, 2019</b>	<b>Year ended April 30, 2018</b>
General and administrative expenses	\$ 1,714,355	\$ 1,235,029	\$ 854,052
Geological exploration costs	3,741,014	4,380,871	2,917,479
Comprehensive Loss for the Year	5,373,809	5,465,645	3,678,010
Comprehensive Loss per Share – Basic and Diluted	(0.02)	(0.02)	(0.02)
Total assets	9,405,966	13,550,470	6,916,477
Total long-term financial liabilities	201,000	201,000	201,000

**Highlights for the three months ended July 31, 2020 and up to September 29, 2020**

- On May 28, 2020, the Company completed a brokered private placement of 12,500,000 units at \$0.40 per unit for total gross proceeds of \$5,000,000, each unit comprising one common share and one-half of one share purchase warrant ("Unit"). Each whole warrant is exercisable at a price of \$0.60 per share for a period of 24 months. The warrants are issued pursuant to a warrant indenture dated May 28, 2020 between the Company and TSX Trust Company, as warrant agent. In connection with the private placement, the Company also paid total cash commissions of \$254,700 and issued 636,750 broker warrants ("Broker Warrants"). Each Broker Warrant is exercisable to acquire one Unit at a price of \$0.40 per share for a period of 24 months.
- On June 9, 2020, the Company completed a non-brokered private placement of 10,525,000 Units for total gross proceeds of \$4,210,000. In connection with the private placement, the Company also paid total cash commissions of \$178,200 and issued 445,500 finders' warrants on the same terms as the Broker Warrants.
- In August 2020, the Company issued 1,000,000 common shares for the Almamos (Quintera) project.
- Subsequent to July 31, 2020, the Company issued 820,000 common shares for options exercised for gross proceeds of \$82,000.

**Results of Operations**

The following discussions address the reasons for some of the variations in the quarterly numbers but, as with most junior mineral exploration companies, the results of operations (including interest income and net losses) are not the main factor in establishing the financial health of the Company. Of far greater significance are the exploration and evaluation assets in which the Company has, or may earn an interest, its working capital and how many shares it has outstanding. The variation seen over such quarters is primarily dependent upon the success of the Company's ongoing property evaluation program and the timing and results of the Company's exploration activities on its then current properties, none of which are possible to predict with any accuracy. There are no general trends regarding the Company's quarterly results, and the Company's business of mineral exploration is not seasonal, as it can work on a number of its properties on a year-round basis (funding permitting). Quarterly results can vary significantly depending on whether the Company has abandoned any properties or granted any stock options and these are the factors that account for material variations in the Company's quarterly net losses, none of which are predictable. The write-off of exploration and evaluation assets can have a material effect on quarterly results as and when they occur. The other major factor which can cause a material variation in net loss on a quarterly basis is the grant of stock options due to the resulting share-based payment charges which can be significant when they arise. General operating costs other than the specific items noted above tend to be quite similar from period to period. The variation in income is related solely to the interest earned on funds held by the Company, which is dependent upon the success of the Company in raising the required financing for its activities which will vary with overall market conditions, and is therefore difficult to predict.

**Three months ended July 31, 2020 compared with three months ended July 31, 2019**

During the three months ended July 31, 2020 the Company had a total comprehensive loss of \$1,530,295 (2019 - \$1,849,712) or \$0.00 per share (2019 - \$0.01 per share). The following discussion explains the variations in the key components of these numbers. For details of the results of work on, and other activities in connection with, the Company's exploration and evaluation assets during the current period, see "Exploration Highlights".

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The significant changes in comprehensive loss from the prior period are as follows:

- Exploration costs of \$865,412 (2019 - \$1,396,061) decreased primarily because of the timing of fieldwork, which was influenced by impacts of COVID-19 and the financing in progress in the spring, on the Santa Marta, and La Quintera projects compared to the prior period.
- Consulting fees of \$127,433 (2019 - \$68,200) increased due to increased promotional and development consulting work in the period.
- Investor relations and marketing of \$303,496 (2019 - \$32,432) increased due to marketing activities undertaken in the current period.
- Professional fees of \$19,362 (2019 - \$49,834) decreased as activity in the current quarter was largely directed toward the private placements and therefore included in share issuance costs.
- Office and administration of \$40,559 (2019 - \$34,165) was comparable to the prior period.
- Share-based payments of \$90,775 (2019 - \$261,893) as a result of the vesting of stock options granted in the prior period.

**Summary of Quarterly Results**

The table below sets out the quarterly results for the past eight quarters:

<b>Quarters Ended</b>				
<b>IFRS</b>	<b>July 31, 2020</b>	<b>April 30, 2020</b>	<b>January 31, 2020</b>	<b>October 31, 2019</b>
Comprehensive Loss	\$1,530,295	\$723,565	\$1,242,904	\$1,557,628
Comprehensive Loss per Share (Basic and Diluted)	\$0.00	\$0.00	\$0.00	\$0.00
Total Assets	\$16,657,274	\$9,405,966	\$10,025,236	\$11,087,803
Number of shares outstanding	338,464,046	314,339,046	314,339,046	313,789,046

<b>Quarters Ended</b>				
<b>IFRS</b>	<b>July 31, 2019</b>	<b>April 30, 2019</b>	<b>January 31, 2019</b>	<b>October 31, 2018</b>
Comprehensive Loss	\$1,849,712	\$1,639,903	\$1,852,216	\$937,975
Comprehensive Loss per Share (Basic and Diluted)	\$0.01	\$0.01	\$0.01	\$0.00
Total Assets	\$11,954,852	\$13,550,470	\$14,553,141	\$13,373,664
Number of shares outstanding	312,664,046	312,414,046	308,939,046	270,846,546

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**Resource Property Costs Incurred**

The table below sets out the quarterly resource property costs, both acquisition and exploration, incurred for the past eight quarters (does not include general exploration costs not related to a specific property held by the Company):

<b>Quarters Ended</b>				
<b>Expressed in \$</b>	<b>July 31, 2020</b>	<b>April 30, 2020</b>	<b>January 31, 2020</b>	<b>October 31, 2019</b>
<b>Exploration Costs</b>				
Vuelcos del Destino	\$1,613	\$1,612	\$1,613	\$1,612
Adelita	8,415	616	(10,668)	9,700
Aurena	15,431	4,857	8,915	5,189
Santa Marta	34,663	118,098	54,181	59,658
Alamos (Quintera)	351,639	146,281	734,424	1,085,538
Taviche	3,879	18,366	6,995	3,313
Biricu	143,793	3,690	3,328	22,288
Aurífero	253,334	16,142	258,571	-
<b>Total Exploration Costs</b>	<b>\$812,767</b>	<b>\$309,662</b>	<b>\$1,057,359</b>	<b>\$1,187,298</b>
<b>Acquisition Costs</b>				
Alamos (Quintera)	\$ -	\$41,191	\$66,047	\$589,342
Biricu	-	-	-	1,219,494
Aurífero	-	106,003	32,506	-
United States	118,508	40,825	-	-
<b>Total Acquisition</b>	<b>\$188,019</b>	<b>\$188,019</b>	<b>\$98,553</b>	<b>\$1,808,836</b>

<b>Quarters Ended</b>				
<b>Expressed in \$</b>	<b>July 31, 2019</b>	<b>April 30, 2019</b>	<b>January 31, 2019</b>	<b>October 31, 2018</b>
<b>Exploration Costs</b>				
Vuelcos del Destino	\$1,613	\$11,823	\$101,060	\$2,147
Adelita	63,726	20,673	74,671	(968)
Aurena	17,864	3,579	17,049	4,080
Santa Marta	99,211	47,936	109,394	162,762
Alamos (Quintera)	1,260,127	1,071,729	1,148,800	643,665
Taviche	10,862	19,456	-	-
<b>Total</b>	<b>\$1,453,403</b>	<b>\$1,175,196</b>	<b>\$1,450,974</b>	<b>\$807,606</b>
<b>Acquisition Costs</b>				
Alamos (Quintera)	\$-	\$52,160	\$-	560,732

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Quarters Ended				
Expressed in \$	July 31, 2019	April 30, 2019	January 31, 2019	October 31, 2018
Taviche	-	91,954	-	-
<b>Total Acquisition Costs</b>	<b>\$-</b>	<b>\$144,114</b>	<b>\$-</b>	<b>\$560,732</b>

**Liquidity and Capital Resources**

To date the Company has financed its operations through the sale of its common shares. As at July 31, 2020 the Company has a working capital of \$9,521,175, comprised of \$9,747,211 in current assets and \$226,036 in current liabilities. During the three months period ended July 31, 2020, the Company issued 23,025,000 shares relating to private placements resulting in net proceeds of \$8,511,282 and issued 1,100,000 shares on exercise of stock options for gross proceeds of \$110,000. Subsequent to July 31, 2020, the Company issued 820,000 common shares for gross proceeds of \$82,000 upon the exercise of stock options.

The Company has no source of revenue, income or cash flow. It is wholly dependent upon raising monies through the sale of its Common Shares to finance its business operations. The Company expects to raise additional funds through public or private equity funding, joint venture arrangements, bank debt financing or from other sources. There can be no assurances that this capital will be available in amounts or on terms acceptable to the Company, or at all.

**Recent Developments and Outlook**

The Company plans to obtain financing in the future primarily through further equity financing, as well as through joint venturing and/or optioning out the Company's properties to qualified mineral exploration companies. There can be no assurance that the Company will succeed in obtaining additional financing, now or in the future. Failure to raise additional financing on a timely basis could cause the Company to suspend its operation and eventually to forfeit or sell its interest in its mineral properties.

In response to the Covid-19 pandemic, and mining and exploration being declared by the Mexican government essential economic activities, Minaurum set up a system of protocols approved by the Mexican federal, state, and local health authorities to minimize physical contact with surrounding communities and ensure the health and safety of its employees, contractors, families, and local communities. The Phase II drilling program at Alamos is being conducted from a camp isolated from the community. Personnel are tested for the presence of the coronavirus and monitored for symptoms. The company continues to monitor the situation at its other projects.

**Use of Proceeds**

During the three months ended July 31, 2020, year ended April 30, 2020 and to the date of this MD&A, the Company has completed the following private placements:

- In May 2020, the Company raised \$5.0 million through the sale of securities of the Company.
- In June 2020, the Company raised an additional \$4.2 million.

The following table sets out a comparison of how the Company used the proceeds following the closing date, an explanation of the variances and the impact of the variance on the ability of the Company to achieve its business objectives and milestones.

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<b>Intended Use of Proceeds</b>	<b>Actual Use of Proceeds</b>
To advance the Company's properties and for general and administrative purposes.	During the three months ended July 31, 2020, the Company spent \$865,412 on property exploration costs, \$128,651 on property acquisition costs, and an additional \$1,443,796 on cash general and administrative expenses. During the three months ended July 31, 2019, the Company spent \$1,396,061 on property exploration costs, and an additional \$1,642,228 on cash general and administrative costs. Prior period expenditures had been financed by funds raised in fiscal 2019 have been used primarily for exploration work, in particular on the Alamos (Quintera) property, with some additional amounts used for G&A. The amounts raised in the three months ended July 31, 2020 and to the date of this MD&A will be used to finance exploration activities on the Company's properties, as well as for G&A going forward.
Explanation of variances and the impact of variances on the ability of the Company to achieve its business objectives and milestones	The funds raised have been used to fund the Company's continuing exploration on the Alamos (Quintera) and other properties, and general working capital.

### **Property Overviews**

#### **Nomad Royalty Company (Guerrero Ventures) Loan – Biricú project**

On November 3, 2015, the Company entered into an agreement, subsequently amended, with Nomad (Guerrero), whereby the Company advanced Nomad \$905,000 to explore the Biricú project in Mexico. Pursuant to the agreement, the advance is repayable, at the Company's election, in cash or, subject to the satisfaction of certain conditions, is convertible into a direct interest in the project. The advance bears interest at 8%. During the year ended April 30, 2016, the Company also paid Nomad an overhead fee of \$77,000, which has been recorded as a management fee. The Company had advanced \$905,000 and accrued interest of \$245,680 as at April 30, 2019. On July 11, 2019, the Company entered into a share purchase agreement with Nomad, Minera Citation Mexico S.A. de C.V. ("Minera Citation") and various related entities whereby the Company will acquire a 100% interest in Minera Citation by issuing 125,000 common shares and conversion of previous advances made by the Company, totaling \$1,151,671 including \$905,000 in principal and \$246,671 in accrued interest. The transaction was completed on September 30, 2019 and the Company issued 125,000 common shares valued at \$48,750 and incurred transaction costs of \$19,073. The total purchase price of \$1,219,494 was allocated to the Biricu property in exploration and evaluation assets.

#### **Vuelcos del Destino Project**

The drill targets feature alteration signatures, and geochemical and geophysical anomalies associated with a granodiorite porphyry stock in the southeastern projection of the GGB. In the Vuelcos project area, the granodiorite porphyry stock intrudes lower Cretaceous Morelos Formation limestone. Gold-skarn mineralization in the GGB occurs in association with skarn alteration in granodiorite intrusive bodies and in the adjacent sedimentary rocks, including the Morelos limestone.

Previous work done by the Company at Vuelcos includes property-wide reconnaissance geologic mapping, and rock- and stream-sediment geochemical sampling done in 2011; and a VTEM-magnetic airborne geophysical survey carried out in 2010. In 2015, specific drill targets were selected by David Jones during a detailed survey of the area of the granodiorite surface exposure and other areas of interest in the project area.

### **Adelita Project**

An eight-hole, 1,819.35-meter diamond-drilling campaign took place on the Cerro Grande skarn target at Adelita from July to October 2010. Drilling results include 47 metres of 0.46 g/t Au, 46 g/t Ag, 0.98% Cu; and 16 metres of 0.8 g/t Au, 73 g/t Ag, 1.97% Cu. During 2012, the Company's joint-venture partner, Ocean Park Resources, drilled 5 holes as step-outs of Minaurum's intercepts at the Cerro Grande skarn target, and 5 holes to test the soil geochemical and chargeability anomalies at the Mezquital porphyry copper-molybdenum target.

### **Aurena Project**

A 19-hole, 7,062.07-m diamond drilling campaign was completed on the Aurena project in 2011 and returned highlights of 29.05 m of 1.99 g/t Au, 43.50 m of 1.01 g/t Au, 23.80 m of 0.99 g/t Au, and 14.86 m of 0.74 g/t Au. Drilling demonstrated the continuity of mineralization along laterally continuous structures over a strike length of 1.8 km.

In fiscal 2013, the Company made the final payments on its option to acquire the Aurena, Nueva Reducción Corazón de Oro, and Guelaguichi concessions from Minera Zalamera, giving the Company 100% ownership of the project.

### **Santa Marta Project**

The Santa Marta volcanogenic massive sulfide project has seen reconnaissance geological mapping and geochemical sampling, as well as an airborne magnetics-VTEM survey. In addition, the Company has carried out detailed sampling and mapping in the 1960s-era pit. Minaurum's sampling in the pit has yielded 25 meters averaging 1.1% copper from oxidized metavolcanic rock.

### **Alamos (Quintera) Project – Alamos Mining District**

The Company entered into an option agreement for the Alamos project in the Alamos Mining District in the southern part of Sonora state. At Alamos, low-sulfidation epithermal silver mineralization occurs in a vein system measuring approximately 10 km in strike length and 6.0 km in width. The vein system consists of multiple veins and vein breccias hosted by Cretaceous and Tertiary volcanic, intrusive, and sedimentary rocks. The vein system was exploited from about 1680 to the early 1900s and is estimated to have produced up to 200 million ounces of silver from three of the veins. Silver mineralization is accompanied by significant values of gold and base metals.

In addition to the historically productive La Quintera and Promontorio mines, more than 25 other veins have been traced that have seen minor historical work. The Company intends to focus on the potential for down-dip extensions of known vein systems as well as the discovery of blind veins.

The Company's program of detailed geological mapping, and structural and geochemical analysis has yielded several targets both as extensions of earlier producing mines and in new areas.

The Company has permits to drill 131 sites in the Alamos project area. To date, the Company has drilled 38 holes totaling 17,350.95 metres at the project.

In addition to the original 5 concessions covering 4,698 hectares, the Company has acquired or staked 8 concessions covering 32,619 hectares in the Alamos district: Túnel del Agua, Ampliación Túnel del Agua, Ana, El Pilarón, Yoreme, Claraboya, La Quintera 2, and La Quintera 3. These bring the Company's holdings in the Alamos district to 13 mining concessions totalling 37,317 hectares.

The Company acquired historical exploration data pertaining to the Alamos project including mine maps, sections and results of 40 holes (6,099 m) drilled in multiple surface and underground exploration campaigns that occurred from the 1960s through the early 1980s. The exploration programs were focused on the historic Promontorio and Minas Nuevas underground mines that closed in 1898 and 1912, respectively. The majority of these historic holes cut broad widths of

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high-grade silver; the best include: Hole U-3 that cut 4.6 m grading 2,838 g/t (82.8 oz/t) silver and Hole U-5 that cut 11.3 m of 785 g/t (22.9 oz/t) silver. The drill results indicate that the historically mined deposits included multiple veins and continue at depth both down plunge and along-strike. At Promontorio, drill holes intersected mineralization over 50 m below the historic mining level and indicate an aggregate 735 m strike length of mineralization. These results were announced in the Company's news release dated February 6, 2020. The Company has not verified these results.

The Company started a minimum 20,000-metre Phase II drilling program at Alamos on 15 July 2020. The Phase II program involves systematically stepping out from discoveries made during Phase I drilling beginning with two drill rigs. One drill will offset the Europa-Guadalupe discovery hole (AL17-007) which returned 8.25 m grading 1,760 g/t silver. The other drill will test targets at Promontorio, both along the vein trend and beneath the Promontorio Mine where recently acquired historical data revealed holes that returned up to 12.2m grading 710 g/t silver below the old workings.

### **Aurífero Project**

On January 17, 2020, the Company entered into an option agreement to acquire a group of 23 mining concessions covering 1,198 hectares known as the Aurífero project in southern Sonora state, Mexico. Under the option agreement, the Company will acquire 100% of the concession block for payments of US\$2,749,000 over a period of 5 years with no royalties outstanding. A separate mining concession covering 31 hectares and bordering the Aurífero claim block was purchased outright for US\$25,000.

Aurífero contains a swarm of gold- and silver-bearing epithermal veins within a NW/SE-trending zone measuring 3 km long and more than 400 m wide. Satellite imagery and ground reconnaissance geology indicate that the alteration signature is similarly widespread. The project has seen numerous campaigns of shallow reverse circulation and core drilling since the 1980s totalling over 8,000 metres. Holes were on average less than 100 m deep; the deepest reaching a vertical depth of 135 m from surface.

Table 2. Historical drilling highlights, Aurífero project. Minera Terrazas and Pershimco performed diamond (core) drilling; Peñoles used a reverse-circulation machine.

<b>Company</b>	<b>Hole</b>	<b>From (m)</b>	<b>To (m)</b>	<b>Interval (m)</b>	<b>Ag (g/t)</b>	<b>Au (g/t)</b>
<b>Peñoles</b>	CI-35	36.0	84.0	48.0		1.47
	CI-09	40.0	98.0	58.0		3.65
	CI-34	54.0	78.0	24.0		2.42
	CI-22	6.0	48.0	42.0		1.7
<b>Minera Terrazas</b>	DMDDH-01	85.7	93.3	7.6	5	7.97
		<i>including</i>				
	NDDH-02	90.2	93.3	3.1	8	18.37
		3.4	6.5	3.2	28	1.25
		8.5	23.7	15.2	14	0.92
		32.6	35.6	3.0	2	0.99
	NDDH-07	17.9	22.3	4.4	57	2.56
		70.2	94.6	24.4	5	0.67
	SFDDH-01	54.0	62.0	8.0	1	1.79
		76.7	82.7	6.0	2	2.48
<b>Pershimco</b>	07-MN-02	82.0	93.8	11.8	3.7	2.9
		98.0	101.0	3.0	11.4	3.68
		140.0	143.0	3.0	39	1.86
		151.9	159.0	7.1	3.3	2.15
	07-MN-03	146.0	149.0	3.0	10.15	2.94
	07-MN-07	42.2	44.8	2.6	158	trace
	07-MN-09	47.7	53.9	6.2	26.2	2.24
	07-MN-10	51.7	76.2	24.5	43.8	3.12
		<i>including</i>				

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<b>Company</b>	<b>Hole</b>	<b>From (m)</b>	<b>To (m)</b>	<b>Interval (m)</b>	<b>Ag (g/t)</b>	<b>Au (g/t)</b>
		52.5	53.5	1.0	273.5	26.07
		<i>and</i>				
		60.0	61.2	1.2	63.6	9.56
		<i>and</i>				
		69.8	70.8	1.0	189.5	6.98

**Significant Acquisitions and Significant Dispositions**

There have not been any significant acquisitions or dispositions during the three months ended July 31, 2020 and to the date of this MD&A.

**Qualified Person statement**

Stephen R. Maynard, Vice President of Exploration of the Company and a Qualified Person as defined by National Instrument 43-101, prepared the information that forms the basis for this written disclosure.

**Quality Assurance/Quality Control**

Preparation and assaying of drilling samples from the Company's projects are done with strict adherence to a Quality Assurance/Quality Control (QA/QC) protocol. Core samples are sawed in half and then bagged in a secure facility near the site, and then shipped by a licensed courier to ALS Minerals' Mexican preparation facility in either Hermosillo, Guadalajara, or Zacatecas. ALS prepares the samples, crushing them to 70% less than 2 mm, splitting off 250 g, and pulverizing the split to more than 85% passing 75 microns. The resulting sample pulps are prepared in Hermosillo, and then shipped to Vancouver for chemical analysis by ALS Minerals. In Vancouver, the pulps are analyzed for gold by fire assay and ICP/AES on a 50-gram charge. In addition, analyses are done for a 48- element suite using 4-acid digestion and ICP analysis. Samples with silver values greater than 100 g/t; and copper, lead, or zinc values greater than 10,000 ppm (1%) are re-analyzed using 4-acid digestion and atomic absorption spectrometry (AAS).

Quality-control (QC) samples are inserted in the sample stream every 20 samples, and thus represent 5% of the total samples. QC samples include standards, blanks, and duplicate samples. Standards are pulps that have been prepared by a third-party laboratory; they have gold, silver, and base-metal values that are established by an extensive analytical process in which several commercial labs (including ALS Minerals) participate. Standards test the calibration of the analytical equipment. Blanks are rock material known from prior sampling to contain less than 0.005 ppm gold; they test the sample preparation procedure for cross-sample contamination. In the case of duplicates, the sample interval is cut in half, and then quartered. The first quarter is the original sample, the second becomes the duplicate. Duplicate samples provide a test of the reproducibility of assays in the same drilled interval. When final assays are received, QC sample results are inspected for deviation from accepted values.

**Risk Factors**

The Company is in the business of acquiring, exploring and, if warranted, developing and exploiting natural resource properties, currently in Mexico and the United States. The Company's MD&A for the year ended April 30, 2020 filed on [www.sedar.com](http://www.sedar.com) provides the material risk factors to the Company.

**Off-Balance Sheet Arrangements**

The Company does not have any off-balance sheet arrangements as at July 31, 2020 and to the date of this MD&A.

**Proposed Transactions**

There are no proposed transactions as at July 31, 2020 and to the date of this MD&A.

**Additional Disclosure for Venture Issuers without Significant Revenue**

Additional disclosure concerning the Company's general and administrative expenses and resource property costs is provided in the Company's Consolidated Statements of Comprehensive Loss and Schedule of Resource Property Expenditures contained in its condensed consolidated interim financial statements for the three months ended July 31, 2020 that is available on the Company's website at [www.minaurum.com](http://www.minaurum.com) or on its SEDAR Page Site accessed through [www.sedar.com](http://www.sedar.com).

**Outstanding Share Data**

The Company's authorized capital is an unlimited number of common shares without par value. As at September 29, 2020, the following common shares, options and share purchase warrants were outstanding:

	<b># of Shares</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
Issued and Outstanding Common Shares at September 29, 2020	340,284,046		
Stock Options	675,000	\$0.10	December 3, 2020
	950,000	\$0.10	January 10, 2022
	2,950,000	\$0.45	April 15, 2029
	275,000	\$0.45	April 15, 2024
	200,000	\$0.45	June 18, 2029
Warrants	6,250,000	\$0.60	May 28, 2022
	5,262,500	\$0.60	June 9, 2022
Broker Warrants <sup>(1)</sup>	636,750	\$0.40	May 28, 2022
	445,500	\$0.40	June 9, 2022
Fully Diluted at September 29, 2020	357,928,796		

<sup>(1)</sup> Each Broker Warrant is exercisable to acquire one Unit at a price of \$0.40. Each Unit is comprised of one common share and one-half of one share purchase warrant. Each whole warrant is exercisable at a price of \$0.60 per share for a period of 24 months.

**Transactions with Related Parties**

The Company has entered into certain transactions with related parties during the three months ended July 31, 2020 and to the date of this MD&A. All transactions with related parties have occurred in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed upon by the related parties.

A description of these related party transactions is as follows:

<b>Name</b>	<b>Relationship</b>	<b>Purpose of transaction</b>	<b>Amount*</b>
Darrell Rader	President, CEO & Director	Consulting fees <sup>(1)</sup>	\$ 49,500
Cale J. Moodie	CFO	Consulting fees <sup>(2)</sup>	\$ 13,583
Stephen R. Maynard	VP, Exploration	Geological consulting fees <sup>(3)</sup>	\$ 32,250
David Jones	Director	Geological consulting fees <sup>(4)</sup>	\$ 33,286

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<b>Name</b>	<b>Relationship</b>	<b>Purpose of transaction</b>	<b>Amount*</b>
Dr. Peter Megaw	Director	Consulting fees <sup>(5)</sup>	\$ -
		Geological consulting fees <sup>(7)</sup>	\$ -

\* Fees paid and accrued. Does not include share-based payments.

Notes:

1. The Company has a consulting arrangement with 0872599 BC Ltd., a company partially owned by Mr. Darrell Rader, the President, pursuant to which 0872599 BC Ltd. agrees to provide management consulting services to the Company in exchange for a monthly fee of \$16,500.
2. The Company paid consulting fees to Spartan Pacific Financial Ltd. ("Spartan"), a company owned by Mr. Cale J. Moodie, the CFO, in exchange for Spartan providing financial accounting and financial reporting services to the Company.
3. The Company has a consulting arrangement with Mr. Stephen R. Maynard under which he is compensated for his services as Vice President Exploration through a regular monthly consulting fee of \$10,750.
4. The Company paid fees to Paradex, Inc., a company owned by Mr. David M. Jones, a Director, in exchange for Paradex providing geological consulting services to the Company.
5. The Company paid consulting fees to IMDEX Inc., a company owned by Dr. Peter Megaw, a Director, in exchange for IMDEX providing consulting and geological consulting services to the Company.

At July 31, 2020, \$7,180 (April 30, 2020 - \$5,730) (included in accounts payable and accrued liabilities) is due to directors, officers, and companies with a director in common, as follows:

- \$7,180 (April 30, 2020 - \$5,730) to Paradex, Inc., and \$nil (April 30, 2020 - \$Nil) to Mr. Jones;

Amounts due to related parties are non-interest bearing, with no fixed terms of repayments.

The Company has also prepaid \$28,182 (April 30, 2020 - \$28,182) in amounts to directors and officers as follows:

- \$17,325 (April 30, 2020 - \$17,325) to 0872599 BC Ltd.;
- \$5,425 (April 30, 2020 - \$3,413) to Spartan; and
- \$7,180 (April 30, 2020 - \$7,444) to IMDEX Inc.

At July 31, 2020, \$4,200 (April 30, 2020 - \$4,200) is due from Defiance Silver Corp., a company with a director in common. The remuneration of key management personnel, which includes directors and officers of the Company, including amounts disclosed above, during the three months ended July 31, 2020 and 2019 were as follows:

	July 31, 2020	July 31, 2019
Consulting fees	\$ 63,083	\$ 64,750
Exploration costs (geological consulting)	65,536	69,427
Share-based payments	58,753	183,191
<b>Total</b>	<b>\$ 187,372</b>	<b>\$ 317,369</b>

### **Accounting Policies and Estimates**

Significant judgments are used in the Company's assessment of its ability to continue as a going concern which is described in note 1 of the consolidated financial statements. Significant accounting estimates are used in the determination of fair value and value in use for purposes of the recoverability of the carrying value of mineral properties, determination of reclamation obligations, valuation of share-based payments, and the valuation of deferred income taxes. These estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control. Actual results may differ from these estimates.

#### *Impairment*

At the end of each reporting period the carrying amounts of the Company's long-lived assets, including mineral property interests, are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

#### *Share-based Payments*

The factors affecting share-based payments include estimates of when stock options might be exercised and the stock price volatility. The timing for exercise of options is out of the Company's control and will depend, among other things, upon a variety of factors including the market value of Company shares and financial objectives of the holders of the options. The Company has used historical data to determine volatility in accordance with Black-Scholes modeling, however future volatility is inherently uncertain and the model has its limitations. While these estimates can have a material impact on the share-based payments and hence, results of operations, there is no impact on the Company's financial condition or liquidity.

### **Disclosure of Management Compensation**

In accordance with the requirements of Section 19.5 of TSXV Policy 3.1, the Company provides the following disclosure with respect to the compensation of its directors and officers during the most recently completed financial quarter:

1. During the three months ended July 31, 2020, the Company did not enter into any standard compensation arrangements made directly or indirectly with any directors or officers of the Company, for their services as directors or officers, or in any other capacity, with the Company or any of its subsidiaries.
2. During the three months ended July 31, 2020, directors and officers of the Company were paid (or accrued) the certain amounts, directly or indirectly, for their services as directors and officers or in any other capacity by the Company and its subsidiaries as disclosed in 'Transactions with Related Parties'.

3. During three months ended July 31, 2020, the Company did not enter into any arrangements relating to severance payments to be paid to directors and officers of the Company and its subsidiaries.

### **Financial Instruments and Risk Management**

The Company measures financial instruments using a fair value hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2: Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The Company's cash is classified as Level 1 of the fair value hierarchy. The carrying value of receivables and accounts payable approximates their fair values because of the short-term nature of these instruments.

### **Financial risk factors**

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

a) Credit risk

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's receivables consist primarily of amounts due from a government agency and cash is held with significant financial institutions.

b) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet its liabilities when they come due. As of July 31, 2020, the Company had cash of \$9,508,362 and current liabilities of \$226,036. All of the Company's financial liabilities are subject to normal trade terms.

c) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

d) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

e) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash and accounts payable and accrued liabilities that are denominated in United States Dollars and Mexican Peso. The Company's exposure to foreign currency is detailed in note 10 of the condensed consolidated interim financial statements.

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f) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

**Approval**

The Board of Directors of Minaurum has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

**Additional Information**

Additional information relating to Minaurum is on SEDAR at [www.sedar.com](http://www.sedar.com).

**HEAD OFFICE**

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**OFFICERS & DIRECTORS**

Darrell Rader, BBA  
*President & CEO and Director*

Cale Moodie, BSF, CPA, CA  
*Chief Financial Officer*

Stephen R. Maynard, M.S., C.P.G.  
*VP Exploration*

David M. Jones, M.S.  
*Director*

Dr. Peter Megaw, Ph.D., C.P.G.  
*Director*

Lawrence W. Talbot, LLB  
*Director*

David Medilek, P.Eng, CFA  
*Director*

**LISTINGS**

TSX Venture Exchange: **MGG**  
OTCQX Best Market: **MMRGF**

**CAPITALIZATION**

(as at September 29, 2020)

Shares Authorized: Unlimited Common Shares  
Shares Issued: 340,284,046

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