



**Contact Gold Corp.**  
(formerly Winwell Ventures Inc.)  
(an exploration-stage company)

**Management's Discussion and Analysis**  
**For the year ended December 31, 2018**

## Management's Discussion and Analysis

Year ended December 31, 2018

This Management's Discussion and Analysis ("MD&A") of Contact Gold Corp. (formerly Winwell Ventures Inc., "Winwell") (the "Company", or "Contact Gold", or "We", or "Our", or "Us") is dated April 3, 2019, and provides an analysis of, and should be read in conjunction with, our consolidated financial statements as at and for the year ended December 31, 2018, and the related notes thereto (together, the "Consolidated Financial Statements"), and other corporate filings, including the Company's Annual Information Form for the year ended December 31, 2018, dated April 3, 2019 (the "AIF"), each of which is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

This MD&A contains forward-looking statements that involve numerous risks and uncertainties. The Company continually seeks to minimize its exposure to business risks, but by the nature of its business, activities, and size, will always have some risk. These risks are not always quantifiable due to their uncertain nature. Should one or more of these risks and uncertainties, or those described under the heading "Risk Factors" in the Company's AIF, and those set forth in this MD&A under the heading "Industry and Economic Factors that May Affect our Business" materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described in forward-looking statements.

Financial statement information presented herein was prepared using accounting policies in compliance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board.

Our reporting currency is the Canadian dollar ("CAD"), and all amounts in this MD&A are expressed in Canadian dollars unless otherwise stated. As at December 31, 2018, the indicative rate of exchange, per \$1.00 as published by the Bank of Canada, was USD 0.7330 (USD 0.7971 at December 31, 2017)<sup>1</sup>.

### *2018 Highlights and Recent Developments*

Over the course of 2018 Contact Gold continued advancing the Company's flagship Pony Creek property into a robust project hosting multiple Carlin Type gold occurrences.

In the 18-months since the establishment of Contact Gold, we've hit gold mineralization in 87 of the 93 holes drilled (including those lost before planned depth), and have continued to drill high-grade and oxide gold at Pony Creek, the majority of which are step-outs from the historical mineral resource estimate area at the property's Bowl Zone.

During the year ended December 31, 2018, Contact Gold reported the following:

- Confirmed and expanded high-grade and oxide gold mineralization with drilling at the Bowl Zone, which remains open for continued expansion.
  - Highlights of drill results include:
    - 2.42 g/t Au over 35.05 m from 266.7 m in hole PC18-33,
      - including: 3.15 g/t Au over 24.38 m from 274.32 m;
    - 0.55 g/t Au over 25.91 m oxide from 105.16 m in hole PC18-034;
    - 0.39 g/t Au over 35.05 m oxide from 92.97 m in hole PC18-31
      - including: 1.77 g/t oxide Au over 4.57 m from 99.06 m;
    - 2.51 g/t Au over 47.24 m from 86.87 m in drill hole PC18-03;
    - 1.00 g/t Au over 92.97 m from 50.29 m in drill hole PC18-04;
    - 0.53 g/t Au over 59.44 m from 1.52 m in drill hole PC18-02;
    - 0.91 g/t Au over 27.43 m from 28.96 m in drill hole PC18-01; and
    - 0.61 g/t Au over 21.34 m oxide from 103.63 m in drill hole PC18-012.

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<sup>1</sup> United States dollars indicated herein as "USD".

- A new near-surface discovery of oxide gold at the 2.3 kilometre ("km") long "West Zone" at Pony Creek, approximately 1 km from the property's "Bowl Zone".
  - Highlights of reverse circulation ("RC") oxide gold drill results include:
    - 0.42 g/t ("g/t") Au over 33.53 metres ("m") from 4.57 m in discovery hole PC18-018;
      - including 1.11 g/t Au over 4.5 m;
    - 0.33 g/t Au over 92.97 m from surface in hole PC18-51;
    - 0.29 g/t Au over 15.24 m from 10.67 m, and 0.24 g/t oxide Au over 7.62 m from 39.62 m, and 0.22 g/t Au over 32.00 m from 64.01 m in hole PC18-23;
    - 0.71 g/t Au over 10.67 m from 19.81 m in hole PC18-022; and
    - 0.34 g/t Au over 10.67 m from 10.67 m in hole PC18-21.
- A new gold discovery at the Pony Creek property's "Pony Spur" target, located 2 km NW of the Bowl Zone, and 1 km west of the West Zone. Gold-in-soil samples reveal a 580 metre by 200 metres footprint continuing west from the discovery holes.
  - Highlights of drill results include:
    - 0.19 g/t oxide Au over 27.43 m from 65.53 m in hole PC18-26; and
    - 0.21 g/t oxide Au over 19.81 m from 53.34 m in hole PC18-27.
- Several additional large-scale, high-priority Carlin-type gold drill targets for the 2019 program at Pony Creek, including the "Elliott Dome", "Willow", and "Moleen" targets, each located north of the Bowl Zone, and adjacent to the "Jasperoid Wash" discovery made by Gold Standard Ventures ("GSV"), as well as the "Palomino" target to the west of the Bowl Zone.
- Filing of a base shelf prospectus (the "Shelf Prospectus") with securities regulatory authorities in each of the provinces and territories of Canada, except Québec, in order to provide the Company with greater flexibility to raise capital over the 25-month period through which the Shelf Prospectus is valid.
- Closing of the sale of the "Santa Renia" and "Golden Cloud" portfolio properties generating almost \$0.64 million in cash to advance our strategic plan and reduce land holding costs.

Subsequent to December 31, 2018, Contact Gold reported the following:

- Closed a private placement of 9,827,589 shares of Common Stock, at \$0.29 per Common Stock (for proceeds of \$2,850,000 (the "Private Placement")).

### ***Outlook***

Through ongoing surface exploration programs, we continued to generate significant large-scale new targets that will be tested in 2019, including Pony Creek's Willow, Moleen, North Zone and Elliot Dome targets, each of which is marked by a strong gold signature at surface. Drilling at the Bowl, West and North Zones are also planned throughout the 2019 drill season. Contact Gold will continue to focus on high quality oxide gold targets in 2019.

Permitting activities are well underway, with 5 approved Notice of Intent permits currently facilitating drilling. We anticipate our Plan of Operations, providing up to 60 hectares (150 acres) to be approved in Q2 2019, allowing improved access for drilling and road construction across Pony Creek.

Although the 2019 budget has not been finalized, and subject to the availability of capital, management anticipates allocating at least 75% of total expenditures to exploration and field activities (2018: 66%).

### ***About Contact Gold Corp.***

Contact Gold is a gold exploration company focused on making district-scale gold discoveries in Nevada.

The Company was incorporated under the Business Corporations Act (*Yukon*) on May 26, 2000 and was continued under the *Business Corporations Act (British Columbia)* (the "Act") on June 14, 2006. On June 7, 2017, upon closing of the Transactions (as defined herein), the Company completed a legal continuance into the State of Nevada and changed its name to "Contact Gold Corp.". The Company is domiciled in Canada and maintains a head office in Vancouver, British Columbia, Canada. Contact Gold's common shares began trading on the TSX Venture Exchange (the "TSXV") under the symbol "C" on June 15, 2017.

## ***Mineral Properties***

Contact Gold's land holdings are on Nevada's Carlin, Independence, and North Nevada Rift gold trends which host numerous gold deposits and mines. Contact Gold controls a significant land position comprising target-rich mineral tenure which hosts numerous known gold occurrences, ranging from early- to advanced-exploration and resource definition stage (collectively, the "Contact Gold Properties").

As at the date of this MD&A, the Contact Gold Properties encompass approximately 200 km<sup>2</sup>.

Subsequent to closing the Asset Acquisition (as defined in this MD&A), the Company acquired additional mineral property claims contiguous to the original tenure through (i) direct staking and (ii) relatively low-cost acquisitions from private land owners.

On November 27, 2018, the Company completed the disposal of the "Santa Renia", and "Golden Cloud" exploration properties to Waterton Nevada Splitter, LLC ("Waterton Nevada"), a related party to the Company, in exchange for cash consideration of approximately \$0.64 million (discussed in this MD&A under the heading "*Mineral Properties - Portfolio*").

Expenditures directly attributable to the acquisition of mineral property interests have been capitalized; staking costs, related land claims fees paid and ongoing exploration expenditures, have been expensed. None of the Company's properties have any known body of commercial ore or any established economic deposit; all are currently in the exploration stage.

As detailed in this MD&A in the discussion relating to the Contact Preferred Shares (defined herein), and more specifically as part of the "Other Terms", Waterton Nevada was granted certain rights relating to the Contact Gold Properties, including a right of first offer ("ROFO"), and a right of first refusal ("ROFR"). A third-party also holds a ROFO on certain of the Portfolio properties.

Mineral properties of focus include:

a) Pony Creek

Pony Creek is located within the Pinion Range, in western Elko County, Nevada, south of GSV's Railroad-Pinion project ("Pinion"). Since acquisition, through to the date of this MD&A, Pony Creek has been the principal focus of the Company's exploration efforts. The Pony Creek property comprises 1,345 claims encompassing approximately 107 km<sup>2</sup> in the southern portion of the Carlin gold trend and hosts near surface oxide and deeper high-grade targets supported by extensive exploration databases. Large areas of prospective geological setting at Pony Creek had never been sampled or explored, particularly where the newly-recognized host horizons at the nearby Pinion project are exposed. Prior to acquisition by Contact Gold, no drilling had been conducted at Pony Creek in 10 years.

Since closing the Transactions, the Company has staked or acquired an additional 34 km<sup>2</sup> of prospective mineral tenure adjacent to Pony Creek, primarily to the east and south. The new claims, including those previously known as Pony Spur and East Bailey<sup>2</sup>, cover prospective host rocks with significant exploration potential that have seen minimal exploration effort in the past. A new gold discovery was made at Pony Spur through an initial drill testing, and subsequent soil sampling at Pony Spur has identified a significant area of anomalous gold westward of this year's drilling.

Through 2018 the Company completed 51 drill holes (over 10,860 m), making two new gold discoveries (West Zone and Pony Spur); and expanding the oxide gold footprints of the property's Bowl Zone and the 1 km x 300 m North Zone, both of which remain open for expansion in most directions. The exploration team also identified several never-before drilled targets including, "Moleen", "Palomino", "Willow", and "Elliott Dome", each of which is expected to be followed-up with drilling in 2019. All of the targets advanced to date are in the northern part of the property, with a significant area believed to be on-strike yet to be explored toward the south.

In 2017 we completed a 10,390 metre drill program which defined oxidized corridors at both the North Zone and western portion of the Bowl Zone with 40 of the 42 drill holes intersecting significant gold mineralization. The 2017 exploration program also included: over 3,500 soil samples, geological mapping, 427 gravity stations, and 33 line-km of CSAMT geophysical surveys.

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<sup>2</sup> In September 2017, Contact Gold acquired the Pony Spur property in exchange for 75,000 Contact Shares, USD 50,000 and the reimbursement of claims fees, with such costs capitalized to the carrying value of Pony Creek. On February 6, 2018, the Company acquired the East Bailey property in exchange for 250,000 Contact Shares and the award of a 2% NSR royalty to the vendor.

The Company has multiple approved Notices of Intent ("NOI") (including subsequent amendments) to allow for the necessary disturbance of the initial holes of the planned 2019 drill program. In early 2019 management expects to submit for approval a Plan of Operations for up to 60 acres of additional disturbance on the property. Required cultural, biological and other environmental surveys to inform the Plan of Operations are ongoing; approval of the Plan of Operations is anticipated mid-2019.

There is a 3% net smelter returns royalty ("NSR") on the claims that comprise Pony Creek acquired from Waterton Nevada, 1% of which can be bought-back prior to February 7, 2020 for USD 1,500,000. In addition a 2% NSR awarded on the acquisition of East Bailey, there is a 3% NSR over certain the East Bailey claims, up to 2% of which can be bought-back for USD 1,000,000 per 1% increment. Advanced royalty payments are also due annually; the amount due for the forthcoming year is USD15,000.

The approved budget for 2018 at Pony Creek is \$3.82 million. Through 2018 we spent \$3.85 million on exploration at the property.

Details of exploration and evaluation expenditures incurred and expensed by Contact Gold at Pony Creek through the year ended December 31, 2018, including non-cash items, are summarized in this MD&A under the heading "*Discussion of operations - Details of exploration and evaluation activities, and related expenditures incurred*".

Additional information about Pony Creek is summarized in the Technical Report prepared in accordance with NI 43-101, *Standards of Disclosure for Mineral Projects* ("NI 43-101"), entitled "NI 43-101 *Technical Report on the Pony Creek Project, Elko County, Nevada, USA*" (the "Technical Report"), prepared for Contact Gold, with an effective date of October 16, 2018, and dated October 22, 2018, as prepared by Vance Spalding, C.P.G; VP Exploration of Contact Gold, and can be viewed under Contact Gold's issuer profile on SEDAR at [www.sedar.com](http://www.sedar.com).

#### b) Dixie Flats

The Dixie Flats gold property ("Dixie Flats") sits approximately 2.5 km to the east and south of the Emigrant mine ("Emigrant") operated by Newmont Mining Corporation ("Newmont"), in western Elko County, Nevada. The property boundary of Dixie Flats is 13 km north of Pony Creek, sitting along the Emigrant fault and sharing many of the same host rocks and much of the same stratigraphy as Pony Creek, and the Emigrant mine. As of the date of this MD&A, Dixie Flats comprises 324 unpatented mining claims covering 27.1 km<sup>2</sup> of prospective ground.

Although there had been limited historic exploration activity at Dixie Flats, there are 27 historical drill holes on the property, several of which intersected significant gold mineralization. Highlights of historical results include ~1 g/t Au over 6 metres and 0.23 g/t over 23 metres.

To date, work at Dixie Flats has consisted of data compilation, 26 line km of CSAMT geophysical surveys, a 304-station gravity survey, drill target selection and report preparation. Results reinforce management's belief in the prospectivity of the property. Interpretation of geophysical data indicates that the main controlling structure projects southward through Dixie Flats from Emigrant to GSV's high-grade Dark Star deposit ("Dark Star"). The Company expects to continue refining targets ahead of a future drill program.

For the year ended December 31, 2018, expenditures, including non-cash items, incurred at Dixie Flats were \$0.09 million. The 2018 budget was \$0.07 million.

There is a 2% NSR on the Dixie Flats property, 1% of which can be bought-back prior to February 7, 2020 for USD 1,500,000.

#### c) North Star

The North Star property ("North Star") is located along the Emigrant fault, between Pony Creek and the Dixie Flats property, and 1.5 km north of Dark Star. North Star comprises 56 unpatented mining claims covering 4.68 km<sup>2</sup> of prospective ground in western Elko County, Nevada. The Company believes the property's location to be a significant piece of the district. There has been no historical drilling completed on the property. Data and interpretation from exploration programs to date, including the results of CSMAT, geochemical surveys, gravity surveys and data compilation, show compelling evidence that the extension of the Emigrant and Dark Star deposits' controlling structure projects through the North Star property.

The Company expects to undertake a drill program in the future and has completed construction of necessary drill pads under an approved NOI permit. The highest priority targets sit under or adjacent to main access road to Dark Star.

For the year ended December 31, 2018, expenditures, including non-cash items, incurred at North Star were \$0.02 million (budget of \$0.39 million).

There is a 3% NSR on the North Star property.

d) Cobb Creek

Upon closing of the Transactions, the Company held a 49% interest in the Cobb Creek property. Contact Gold consolidated its interest on November 7, 2017 by agreeing to make six annual payments of USD 30,000 in cash to a private individual (the "Cobb Counterparty") with whom a 2002 partnership agreement had previously been made. Associated acquisition costs of \$156,040 have been capitalized to Cobb Creek for this incremental 51% interest; as of the date of this MD&A, the first two installments of the annual payment had been paid. The next payment of USD 30,000 is due in November 2019. The Company has recently staked additional unpatented mining claims encompassing further prospective ground. Data compilation, mapping, 3D modeling, and target refinement is ongoing.

For the year ended December 31, 2018, expenditures, including non-cash items (and exclusive of non-cash accounting charges incurred at Cobb Creek were \$0.15 million (budget of \$0.39 million).

e) Portfolio

The remaining Contact Gold Properties, described herein as the "portfolio properties", are situated along the Carlin, Independence, and Northern Nevada Rift Trends, well known mining areas in the state of Nevada. The Portfolio properties each carry an NSR of either 3% or 4%, some of which include buy-down options that expire on February 7, 2020. Significant activities relating to the portfolio properties include:

*Santa Renia and Golden Cloud:* On November 27, 2018, the Company completed the disposal of the "Santa Renia" and "Golden Cloud" exploration properties to Waterton Nevada, a related party to the Company, in exchange for cash consideration of approximately \$0.64 million.

The carrying values and the values of consideration for each of the two properties, translated to Canadian dollars at the date of the related disposal agreement (the "Disposal Agreement", dated November 5, 2018), are as follows:

	Carrying value	Consideration
Santa Renia	\$ 1,285,480	\$ 283,775
Golden Cloud	1,237,532	277,176
Total	<u>\$ 2,523,012</u>	<u>\$ 560,951</u>

Pursuant to the disposition, Waterton Nevada also reimbursed the Company for \$79,008 (USD 60,975) in land claim maintenance fees paid annually to the United States' Department of Interior's Bureau of Land Management (the "BLM") and similar fees paid to various Nevada Counties (together, "Claims Maintenance fees") for these two properties.

The Company recognized a \$1,962,061 loss on disposal.

*Woodruff:* During the year ended December 31, 2018, the Company determined to impair those mineral property claims that comprise the Woodruff property. Accordingly, the carrying value of approximately \$0.09 million has been written-down to \$nil with an impairment recognized on the statement of loss and comprehensive loss for 2018.

## ***The Transactions***

On June 7, 2017, the Company closed a series of transactions including a reverse acquisition of a non-operating company and the acquisition of a 100% interest in Clover Nevada II LLC ("Clover"), an entity holding mineral property interests in the State of Nevada.

### ***a) Reverse Take-Over***

The Company entered into an arrangement agreement dated December 8, 2016, as amended on January 31, 2017 (the "Arrangement Agreement"), with Carlin Opportunities Inc. ("Carlin"), a private British Columbia company, whereby, subject to the terms and conditions of the Arrangement Agreement, the following transactions occurred on June 7, 2017, pursuant to a court-approved statutory plan of arrangement (the "Arrangement"):

1. a share consolidation (the "Consolidation") on the basis of one (1) new common share in the capital of Winwell (the "New Winwell Shares") for every eight (8) existing common shares of Winwell;
2. the conversion of 23,815,000 previously issued subscription receipts of Carlin (the "Subscription Receipts") into common shares of Carlin (the "Carlin Shares");
3. the acquisition by Winwell of 28,815,000 Carlin Shares (being all the then issued and outstanding Carlin Shares) (the "Acquisition") in exchange for the issuance of New Winwell Shares to shareholders of Carlin (the "Carlin Shareholders") on a one share for one share basis (the "Share Exchange"); and
4. the authorization for Winwell to continue into the State of Nevada and change its name to "Contact Gold Corp."

Following the name change and completion of the continuance of Winwell to the State of Nevada, holders of New Winwell Shares (which included the former holders of Carlin Shares) became holders of common shares of the Company ("Contact Shares"). At this time there were 31,584,486 Contact Shares issued and outstanding; 91.2% of which were issued to shareholders of Carlin, yielding them control of the Company. In accordance with applicable accounting guidance, the substance of the Acquisition was an RTO. As a non-operating company without any business processes, activities or assets, however, the transaction did not constitute a business combination in accordance with IFRS 3, *Business Combinations* ("IFRS 3"). As a result, the Acquisition was accounted for as a share-based payment transaction, with Carlin identified as the accounting acquirer, and the transaction being measured at the fair value of the equity consideration deemed to have been issued to the shareholders of Winwell by Carlin (2,769,486 Contact Shares). The difference between the fair value of the consideration paid and the net of Winwell's assets acquired and liabilities assumed was recognized as a non-cash "listing expense" in the consolidated statement of loss and comprehensive loss during the year ended December 31, 2017.

### ***b) Asset Acquisition***

Winwell and Carlin, together with Waterton Nevada, and Clover also entered into a securities exchange agreement dated December 8, 2016, as amended on January 31, 2017 (the "Exchange Agreement"), pursuant to which Contact Gold, immediately following the completion of the Acquisition and continuance to Nevada, acquired 100% of the membership interests of Clover, the entity holding the Contact Gold Properties, then a portfolio of 13 gold properties covering approximately 247 km<sup>2</sup>, in exchange for:

- i) 18,550,000 Contact Shares (valued at \$18,550,000);
  - ii) 11,111,111 non-voting preferred shares of Contact Gold ("Contact Preferred Shares"); and
  - iii) a cash payment of \$7,000,000 (the "Cash Payment")
- (the "Asset Acquisition", and together with the Arrangement, the "Transactions").

The Asset Acquisition did not meet the definition of a business combination as (i) the Contact Gold Properties are at the exploration stage with no defined mineral reserves, and (ii) neither Contact nor Clover then contained any business processes. Consequently, the transaction was not characterized as a business combination, and was accounted for as an acquisition of an asset.

The Company has elected to capitalize mineral property acquisition costs and expense exploration expenses as incurred. The total of consideration paid (\$40,537,020) and transaction costs ("Acquisition Costs") incurred (\$586,073) was allocated to the assets acquired, including the Contact Gold Properties (\$40,973,369) and prepaid Claims Maintenance fees (\$149,724) based on relative fair values at that time.

### ***Selected Financial Information***

Management is responsible for the financial information referred to in this MD&A. Our significant accounting policies are presented in Note 2 of the Consolidated Financial Statements. The Board of Directors of Contact Gold (the "**Board**") approved the Consolidated Financial Statements and this MD&A.

Management has determined that Contact Gold and Carlin have a CAD functional currency each finance activities and incur expenses primarily in CAD. Clover has a USD functional currency reflecting the primary currency in which it incurs expenditures, and in which it receives funding from Contact Gold. The Company's presentation currency is Canadian dollars. Accordingly, and as the Company's most significant balances are assets held by Clover, each reporting period will likely include a foreign currency adjustment as part of accumulated other comprehensive loss (income). A significant portion of this foreign currency adjustment is reflected in the table of values of the Contact Gold Properties in this MD&A.

### ***Results of Operations***

The following table and discussion provide selected financial information from, and should be read in conjunction with, the Consolidated Financial Statements.

	Year ended December 31, 2018	Year ended December 31, 2017
Statements of Loss and Comprehensive Loss	\$	\$
Loss before income taxes	11,855,092	3,238,190
Income tax expense	-	-
Other comprehensive (income) loss	(3,290,026)	2,790,375
Loss and comprehensive loss	8,565,066	6,028,565

### ***Discussion of Operations***

*Years ended December 31, 2018 and December 31, 2017*

Contact Gold incurred a loss and comprehensive loss for the year ended December 31, 2018, of \$8,565,066 (year ended December 31, 2017: \$6,028,565). Other comprehensive loss (income) in each period reflects the translation of the USD-denominated values of Clover's assets and liabilities for consolidation purposes.

Exploration and evaluation expenditures incurred by Contact Gold, including the amortization of prepaid Claims Maintenance fees, have been expensed in the statements of loss and comprehensive loss. Details of exploration and evaluation activities, and related expenditures incurred are as follows:

	For the period from January 1, 2018 to December 31, 2018	For the period from June 7, 2017 to December 31, 2017
Drilling, assaying & geochemistry	\$ 1,903,760	\$ 2,229,200
Geological contractors/consultants & related crew care costs	987,192	1,022,637
Claims Maintenance fees <sup>(1)</sup>	757,652	499,668
Wages and salaries, including non-cash share-based compensation	635,475	274,137
Permitting and environmental monitoring	163,300	191,174
Property evaluation and data review	-	45,879
<b>Expenditures for the period</b>	<b>\$ 4,447,379</b>	<b>\$ 4,262,695</b>
Cumulative balance	\$ 8,710,074	\$ 4,262,695

<sup>(1)</sup> The Company has determined to account for Claims Maintenance fees each year as prepaid expenses, amortized evenly over the course of the year with an expense for amortization recorded to each of the Contact Gold Properties for the related period. Accordingly, the timing of cash outflows will not correspond with reported values at any given period.



Details of exploration and evaluation expenditures incurred and expensed by the Company on the Contact Gold Properties are as follows:

	<b>For the period from January 1, 2018 to December 31, 2018</b>	<b>For the period from June 7, 2017 to December 31, 2017</b>
Pony Creek	\$ 3,854,801	\$ 3,952,719
Dixie Flats	89,509	54,663
North Star	24,147	6,479
Cobb Creek	149,841	20,605
Portfolio properties	329,081	182,350
Property evaluation and data review	- nil	45,879
<b>Expenditures for the period</b>	<b>\$ 4,447,379</b>	<b>\$ 4,262,695</b>
Cumulative balance	\$ 8,710,074	\$ 4,262,695

Details of exploration and evaluation activities incurred and expensed at Pony Creek are as follows:

	<b>For the period from January 1, 2018 to December 31, 2018</b>	<b>For the period from June 7, 2017 to December 31, 2017</b>
Geological contractors/consultants & related crew care costs	\$ 930,185	\$ 620,491
Land claims fees	315,217	280,722
Wages and salaries	392,389	174,094
Share-based compensation	154,489	99,704
Drilling, assaying & geochemistry	1,901,235	2,586,534
Permitting and environmental monitoring	161,286	191,174
<b>Expenditures for the period</b>	<b>\$ 3,854,801</b>	<b>\$ 3,952,719</b>
Drill metres completed	10,860 metres	10,390 metres

The loss on disposal of exploration properties of \$1,962,061 is described in this MD&A, under heading "*Mineral Properties – Portfolio Properties*".

The Contact Preferred Shares were issued to Waterton Nevada as partial consideration for the Asset Acquisition. The value of the Contact Preferred Shares was bifurcated to a "host" instrument and to certain identified embedded derivatives (the "**Embedded Derivatives**").

- At issuance, the "host" instrument was valued in USD at 6,033,480. The value of the "host", translated to CAD of \$8,140,371 is accreted back to the full value of \$15,262,500, including the value of the accumulated accrued dividends over five years. The non-cash accretion of the "host" value for the period from January 1, 2018 to December 31, 2018 was \$1,842,900 (June 7, 2017 to December 31, 2017: \$899,655). A non-cash foreign exchange loss of \$741,314, reflective of the depreciation of the CAD compared to the USD through that period, was also recognized on the "host" (June 7, 2017 to December 31, 2017: Gain \$620,321).
- The value of the Embedded Derivatives at issuance was USD 5,066,520 (\$6,846,648). Each period the statements of loss and comprehensive loss include the impact of a revaluation of these Embedded Derivatives. Determination of the revaluation includes a considerable amount of judgment from management; the quantum from period-to-period is subject to a potentially significant amount of change and is generally inversely reflective of changes to the USD-denominated market price of the Contact Shares. At December 31, 2018 the Company also reassessed and slightly increased its assumption as to the possibility of a Change of Control, decreasing the total estimated fair value of the Embedded Derivatives by an incremental \$230,670 over that which would have otherwise been determined. During the period of January 1, 2018 to December 31, 2018 the Company recognised a loss of \$461,261 (June 7, 2017 to December 31, 2017: \$5,799,607).

Stock-based compensation expense, as directly reflected in the statement of loss and comprehensive loss for the year ended December 31, 2018 is \$1,202,235 (2017: \$569,514). An additional amount of \$177,653 was charged to exploration and evaluation expenditures on the consolidated statement of comprehensive loss for the year ended December 31, 2018 (period from June 7, 2017 to December 31, 2017: \$80,770). Stock-based compensation expense should be expected to vary from period-to-period depending on several factors, including whether Options are granted in a period, and the timing of vesting or cancellation of such equity instruments.

During 2018 the Company awarded Options as follows:

- On March 27, 2018, the Company granted 3,985,000 Options to its directors and officers and employees, exercisable at \$0.39 with a five-year expiry; vesting in thirds over a period of three years.
- On April 17, 2018, the Company granted 480,000 Options to its consultants and a new employee, exercisable at \$0.415 with a five-year expiry; vesting in thirds over a period of three years.
- On May 28, 2018, the Company granted 150,000 Options to a new employee, exercisable at \$0.295 with a five-year expiry; vesting in thirds over a period of three years.

In determining the fair market value of stock-based compensation granted to employees and non-employees, management makes significant assumptions and estimates. These assumptions and estimates have an effect on the stock-based compensation expense recognized and on the contributed surplus balance on our statements of financial position. Management has made estimates of the life of the Options, the expected volatility, and the expected dividend yields that could materially affect the fair market value of this type of security.

For the purposes of estimating the fair value of Options awarded in 2018, using the Black-Scholes model, certain assumptions are made such as the expected dividend yield (0%), risk-free interest rates (range between 1.15% and 2.14%), and expected average life of the options (5 years). As the expected life of Contact Gold's Options exceeded the length of time over which the Contact Shares have traded, average rates of volatility of 65%-71% were used, reflecting those of a group of similar publicly-listed companies in determining an expectation of volatility of the market price of the Company's shares. A 0% forfeiture rate was applied to the Option expense.

Subsequent to year end, 1,670,000 Options were awarded of directors, officers and employees of the Company; and 80,000 Options awarded in 2018 were forfeit pursuant to the termination of an agreement with a service provider.

Wages and salaries of \$1,070,348 for the year ended December 31, 2018 (\$428,411 for the year ended December 31, 2017) reflects amounts earned by officers and employees of the Company. The considerably lower balance in the comparative period reflects the date of the closing of the Transactions and commencement of remuneration from that point forward. Beginning January 1, 2018, the amount also includes fees payable to directors, where there was no amount in 2017.

Professional, legal and advisory fees for the year ended December 31, 2018 of \$421,946 (\$831,545 for the year ended December 31, 2017). Expenses for 2017 include financial advisory fees incurred directly related to the Transactions, including structuring, financing, legal and tax advisory services, that were not otherwise eligible to record as part of the acquisition of Clover or as share issue costs.

The foreign exchange loss recorded for the year ended December 31, 2018 of \$542,343 (gain of \$618,788 for the year ended December 31, 2017), respectively reflects primarily the impact of the rate of exchange on the value of the Contact Preferred Shares, net of a gain on the revaluation of our USD-denominated cash balance at period end. Depending on the volatility of the exchange rate from period to period the impact on the statement of loss and comprehensive loss could be significant.

Administrative, office and general expenses of \$240,914 for the year ended December 31, 2018 (\$178,292 for the year ended December 31, 2017), includes listing and filings fees, incorporation costs, banking charges, and head office-related costs.

Investor relations, promotion and advertising expenses of \$502,384 for the year ended December 31, 2018 (\$321,428 for the year ended December 31, 2017), include marketing activities (including related travel costs), website design and related costs to inform shareholders and prospective investors of our activities.

#### *Segment information*

The Company undertakes administrative activities in Canada, and is engaged in the acquisition, exploration, and evaluation of certain mineral property interests in the State of Nevada, USA. Accordingly, the Company's operations are in one commercial and two geographic segments. The Company is in the exploration stage and accordingly, has no reportable segment revenues.

Net loss (income) is distributed by geographic segment per the table below:

	December 31, 2018	December 31, 2017
Canada	\$ 5,246,902	\$ (1,055,491)
United States	6,608,190	4,293,681
	<u>\$ 11,855,092</u>	<u>\$ 3,238,190</u>

#### ***Summary of Quarterly Results and Fourth Quarter***

The following table sets out selected quarterly financial information of Contact Gold and is derived from unaudited quarterly financial statements prepared by management.

Period	Revenues \$	Net loss for the period \$	Net loss per share for the period \$
Three months ended December 31, 2018	- nil	4,581,571	0.09
Three months ended September 30, 2018	- nil	3,180,414	0.06
Three months ended June 30, 2018	- nil	2,844,511	0.06
Three months ended March 31, 2018	- nil	1,248,596	0.02
Three months ended December 31, 2017	- nil	2,237,579	0.04
Three months ended September 30, 2017	- nil	163,165	0.01
Three months ended June 30, 2017	- nil	372,958	0.01
Three months ended March 31, 2017	- nil	464,488	0.04

The Company and its business are relatively new, and the Company's expenditures and cash requirements may fluctuate and lack some degree of comparability from period to period as activities are normalized and strategies are refined and executed. The Company's quarterly results may be affected by many factors such as seasonal fluctuations, the write-off of capitalized amounts, share-based payment costs, tax recoveries and other factors that affect Company's exploration and financing activities. In addition, the non-cashflow related impact of fair value fluctuations arising on the Contact Preferred Share embedded derivatives may give rise to significant results from one period to the next. Furthermore, the Company's expenditures may also be affected by the strength of capital markets. The Company's primary source of funding is through the issuance of share capital. When the capital markets are depressed, the Company's activity level may decline as a result of difficulties raising funds. When capital markets strengthen, and the Company is able to secure equity financing with favourable terms, the Company's activity levels and the size and scope of planned exploration projects may increase.

The Company's loss and comprehensive loss for the fourth quarter of 2018 reflects (i) \$2,085,252 recognized in other comprehensive income from the revaluation of the Company's USD-denominated Contact Gold Properties; (ii) loss on disposal of exploration properties of \$1,962,061, (iii) exploration and evaluation expenditures of \$551,692, (iv) the non-cash accretion of the host amount of the Contact Preferred Shares of \$493,258, (v) foreign exchange loss of \$569,521, and (vi) general office & administrative costs, investor relations and other costs to administer the Company.

The Company's loss and comprehensive loss for the third quarter of 2018 reflects (i) \$696,054 recognized in other comprehensive income from the revaluation of the Company's USD-denominated Contact Gold Properties; (ii) exploration and evaluation expenditures of \$1,937,226 (iii) the non-cash accretion of the host amount of the Contact Preferred Shares of \$470,901, and (iv) general office & administrative costs, investor relations and other costs to administer the Company.

The Company's loss and comprehensive loss for the second quarter of 2018 reflects (i) \$811,019 recognized in other comprehensive income from the revaluation of the Company's USD-denominated Contact Gold

Properties; (ii) exploration and evaluation expenditures of \$1,349,598, (iii) the non-cash accretion of the host amount of \$449,558, (iv) write-off (non-cash) of the Woodruff property of \$84,286, and (vi) general office & administrative costs, investor relations and other costs to administer the Company.

The Company's loss and comprehensive loss for the first quarter of 2018 reflects (i) \$1,089,809 recognized in other comprehensive income from the revaluation of the Company's USD-denominated Contact Gold Properties; (ii) the impact of a \$564,605 non-cash fair value adjustment (gain) on the value of the Embedded Derivatives, (iii) exploration and evaluation expenditures of \$614,479, (iv) the non-cash accretion of the host amount of \$429,183, and (v) general office & administrative costs, investor relations and other costs to administer the Company.

The Company's loss and comprehensive loss of \$1,959,019 for the fourth quarter of 2017 is reflective of \$2,247,647 in expenditures at the Contact Gold Properties at which an active drilling and exploration program was underway, and the non-cash fair value gain of \$1,321,685 on the Contact Preferred Shares. Other activities and expenditures in the fourth quarter include the normalization of investor relations and marking activities, administrative operations and the cost of maintaining a public listing. The amount of the comprehensive loss recorded for the period reflects the non-cash effect of exchange differences on the translation of Clover and its assets.

The Company's loss and comprehensive loss of \$1,663,222 for the third quarter of 2017 reflects the significant impact of a \$2,611,802 non-cash fair value adjustment (gain) and a non-cash \$284,735 foreign exchange gain on the Contact Preferred Share embedded derivatives. Activities and expenditures in the third quarter include the commencement of active exploration programs in the United States, the normalization of investor relations and marking activities, administrative operations and the cost of maintaining a public listing. The amount of the comprehensive loss recorded for the period reflects the non-cash effect of exchange differences on the translation of Clover and its assets.

The Company's loss and comprehensive loss of \$1,941,836 for the second quarter of 2017 includes those costs arising from the closing of the Transactions and the listing of Contact Gold's shares on the TSXV, offset by the impact of a non-cash fair value adjustment on the Contact Preferred Share embedded derivatives (gain). The amount of the comprehensive loss recorded for the period reflects the non-cash effect of exchange differences on the translation of Clover and its assets. The closing of the Transactions included the closing of \$18.5 million raised through financings completed by Carlin in two tranches of Subscription Receipts, on March 17, 2017, and March 22, 2017 at a price of \$1.00 per Contact Share of which \$6.8 million was immediately conveyed as the remaining balance of the Cash Payment for the acquisition of Clover. Cash outflows included settlement of the accumulated payables arising over multiple periods.

The Company's loss and comprehensive loss of \$464,488 for the first quarter of 2017 is comprised primarily of expenditures for legal and advisory services made relating to the Transactions and the Financings. The receipt of proceeds from the financings completed concurrently with the RTO on June 7, 2017 (the "RTO Financings") allowed the Company to begin to settle payables incurred through to that point; most of which were outstanding as at March 31, 2017.

### ***Financial Position***

The following financial data and discussion is derived from the Consolidated Financial Statements.

	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Current Assets	\$ 1,346,901	\$ 6,763,234
Total Assets	\$ 40,861,284	\$ 45,424,278
Total Current Liabilities	\$ 921,004	\$ 524,212
Total Liabilities	\$ 12,585,733	\$ 10,076,048
Shareholders' Equity	\$ 28,275,551	\$ 35,348,230
Number of Contact Shares outstanding	50,596,986	50,346,986
Basic and fully diluted loss per weighted average number of Contact Shares for the period ended	(\$0.23)	(\$0.10)

The decrease in total assets reflects a \$5.6 million decrease in the balance of cash and cash equivalents as a result of continued exploration and general corporate activities, net of an increase of \$0.8 million to the value attributable to the Contact Gold Properties and the recognition of \$0.3 million in deferred share issue costs.

The value of the Contact Gold Properties may vary period-over-period reflective of changes in the USD-CAD foreign exchange rate.

The Contact Gold Properties, and changes thereto, include:

	Pony Creek	Dixie Flats	North Star	Cobb Creek	Portfolio properties	Total
January 1, 2017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Asset Acquisition	27,335,389	3,479,125	620,278	125,619	9,412,958	40,973,369
Additions	141,308	64,729	-	156,040	-	362,077
Foreign Exchange	(1,914,509)	(242,475)	(43,229)	(8,680)	(654,054)	(2,862,947)
<b>December 31, 2017</b>	<b>\$ 25,562,188</b>	<b>\$ 3,301,379</b>	<b>\$ 577,049</b>	<b>\$ 272,979</b>	<b>\$ 8,758,904</b>	<b>\$ 38,472,499</b>
Additions	\$ 144,143	\$ -	\$ -	\$ -	\$ -	\$ 144,143
Disposals & impairment	-	-	-	-	(2,608,188)	(2,608,188)
Foreign Exchange	2,248,082	288,690	50,460	23,871	660,396	3,271,499
<b>December 31, 2018</b>	<b>\$ 27,954,413</b>	<b>\$ 3,590,069</b>	<b>\$ 627,509</b>	<b>\$ 296,850</b>	<b>\$ 6,811,112</b>	<b>\$ 39,279,953</b>

Balances presented as Portfolio properties include the nine Contact Gold Properties are not separately identified.

The Company has recorded \$313,220 in deferred share issue costs incurred in relation to the preparation and filing of documents to supplement the Shelf Prospectus and other financing-preparedness related materials.

Current liabilities as at December 31, 2018 comprises payables of \$885,931 (December 31, 2017: \$491,960), accrued liabilities of \$35,073 (December 31, 2017: \$32,252) reflective of the amount due to the Cobb Counterparty in the next 12-months. The balances of payables and accruals will generally vary dependent upon the level of activity at the Company, and the timing at period end of invoices and amounts we have actually paid.

The balance of total liabilities reflects the value of the "host" and Embedded Derivatives that comprise the Contact Preferred Shares. The Contact Preferred Shares were concluded to be a form of obligation and have been included as a non-current liability. The Contact Preferred Shares have a maturity date of five years from the date of issuance and a cumulative cash dividend payable upon redemption, at a fixed rate equal to 7.5% per annum. The terms and conditions of the Contact Preferred Shares with accounting impact are detailed in the Consolidated Financial Statements.

A summary of changes to the total value of the Contact Preferred Shares at December 31, 2018 is as follows:

Host instrument:

Carrying value of the Contact Preferred Shares host instrument at December 31, 2017	\$ 8,419,705
Change in carrying value from January 1 to December 31, 2018	
Accretion	1,842,900
Foreign exchange	741,314
<b>Carrying value of the Contact Preferred Shares host instrument at December 31, 2018</b>	<b>\$ 11,003,919</b>

Embedded Derivatives:

Fair value of Embedded Derivatives at December 31, 2017	\$ 1,047,042
Change in fair value of Embedded Derivatives for January 1 to December 31, 2018	(461,261)
<b>Fair value of Embedded Derivatives at December 31, 2018</b>	<b>\$ 585,781</b>

The number of Contact Shares to be issued would be 11,216,756 if all of the outstanding Contact Preferred Shares had been converted into Contact Shares based on the rate of foreign exchange on December 31, 2018.

The estimated fair value of the host instrument at December 31, 2018 is USD 8,495,835 (\$11,590,018).

In addition to those rights, privileges, restrictions and conditions reflected in the value of the Embedded Derivatives, the Contact Preferred Shares include the following terms ("Other Terms") for which there is no accounting impact:

- So long as Waterton Nevada and/or its affiliates beneficially own or control 33⅓% or more of the Contact Preferred Shares issued on closing of the Asset Acquisition, and subject to the provisions of the Contact Preferred Shares:
  - i. *ROFO*. Contact Gold will be obligated to inform Waterton Nevada of its intention to sell, lease, exchange, transfer or otherwise dispose of any of its interests in the Contact Gold Properties that is not a sale of all or substantially all of Contact Gold's assets and provide Waterton Nevada with a summary of the essential terms and conditions by which it is prepared to sell any specified interest in the Contact Gold Properties. Upon receipt of such divesting notice, Waterton Nevada will have the right to elect to accept the offer to sell by Contact Gold on the terms contained on the divesting notice. If Waterton Nevada does not elect to accept the offer for such specified terms, Contact Gold shall be permitted to sell its specified interest in the Contact Gold Properties to a third party for a period of 180 days from the date of the original divesting notice on terms and conditions no less favourable to Contact Gold than those contained in the divesting notice.
  - ii. *ROFR*. If Contact Gold shall have obtained an offer from one or more third party buyers in respect of the sale, lease, exchange, transfer or other disposition of any of the Contact Gold Properties, in whole or in part, in any single transaction or series of related transactions, which offer Contact Gold proposes to accept, Contact Gold shall promptly provide written notice of such fact to Waterton Nevada and offer to enter into such a transaction with Waterton Nevada.
  - iii. *Sale of Substantially All of Contact Gold's Assets*. Contact Gold shall not sell, lease, exchange, transfer or otherwise dispose of all or substantially all of its assets without Waterton Nevada's prior written consent, which will not be unreasonably withheld or delayed.
- In the event of a liquidation, dissolution or winding-up of Contact Gold or other distribution of assets of Contact Gold among its shareholders for the purpose of winding up its affairs or any steps taken by Contact Gold in furtherance of any of the foregoing, the holders of Contact Preferred Shares shall be entitled to receive from the assets of the Contact Gold in priority to any distribution to the holders of Contact Shares or any other class of stock of Contact Gold, the Liquidation Value (as such term is defined in the articles of incorporation of Contact Gold) per Contact Preferred Share held by them respectively, but such holders of Contact Preferred Shares shall not be entitled to participate any further in the property of Contact Gold.

### ***Liquidity and Capital Resources***

The properties in which we currently have an interest are in the exploration stage. The Company has not generated significant revenues or cash flows from operations since inception and does not expect to do so for the foreseeable future.

The Consolidated Financial Statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Contact Gold's continuation as a going concern depends on its ability to successfully raise financing through the issuance of debt or equity. Consequently, management is pursuing various financing alternatives to fund operations and advance its business plan. Circumstances that could impair our ability to raise additional funds, or our ability to undertake transactions, are discussed in the AIF under the heading "Risk Factors." In particular, the Company's access to capital and its liquidity will be impacted by global macroeconomic trends, fluctuating commodity prices and general investor sentiment for the mining and metals industry.

Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company; therefore giving rise to a material uncertainty which may cast significant doubt as to whether Contact Gold's cash resources and working capital will be sufficient to enable the Company to continue as a going concern for the 12-month period after the date of the Consolidated Financial Statements. There are no known restrictions on the ability of our affiliates to transfer or return funds amongst the group.

As at the date of this MD&A, the Company has approximately \$2.2 million available in cash, and working capital of approximately \$2.3 million. Our budget, including exploration, land holding costs for the Contact Gold Properties, and administration for 2019 has not yet been finalized. Our primary obligations relate to (i) the various covenants in and to the Contact Preferred Shares, (ii) the annual payment of USD 30,000 as consideration for the acquisition of the Cobb Creek property, and (iii) the annual lease payments due for some of the land that comprises the East Bailey property. Although non-current, the Company has exposure to significant obligations relating to the terms and various covenants in and to the Contact Preferred Shares.

On an ongoing basis, management evaluates and adjusts its planned level of activities, including planned exploration, development, permitting activities, and committed administrative costs, to ensure that adequate levels of working capital are maintained. We believe that this approach, given the relative size and stage of Contact Gold, is reasonable.

There may be circumstances where, for sound business reasons, funds may be re-allocated at the discretion of the Board or management of Contact Gold. While we remain focused on our plans to commence exploration and development on the Contact Gold Properties, should we enter into agreements in the future on new properties we may be required to make cash payments and complete work expenditure commitments under those agreements which would change our planned expenditures. Management believes that available funds are sufficient for current operations for at least one year, assuming no other factors change.

#### ***Disclosure of Outstanding Share Data***

There were 50,596,986 Contact Shares issued and outstanding as at December 31, 2018 (50,346,986 at December 31, 2017), including 66,667 restricted shares (December 31, 2017: 100,000). As of the date of this MD&A, including the Restricted Shares, there are 60,424,575 Contact Shares issued and outstanding.

As at December 31, 2018 and 2017, there were also 11,111,111 Contact Preferred Shares outstanding, as described elsewhere in this MD&A.

As at December 31, 2018 there were 8,198,000 (2017: 3,583,000) Options outstanding to purchase Contact Shares. 1,166,583 of these Options had vested at December 31, 2018. As of the date of this MD&A, there are 9,788,000 Options outstanding to purchase Contact Shares outstanding.

As of the date of this MD&A there are also 9,827,589 Rights outstanding, which are convertible as described in this MD&A to a maximum of 2,047,414 Contact Shares.

#### ***Recent Financings and issuances of Contact Shares***

- (i) On June 7, 2017, the Company consolidated the then 22,155,978 common shares on an 8:1 basis such that shareholders of the Company held 2,769,486 New Winwell Shares, which, which automatically became Contact Shares with a value of \$2,769,486, on completion of the continuance.
- (ii) Pursuant to the RTO, on June 7, 2017, we completed the Share Exchange with 28,815,000 Carlin Shares, at a value of \$21,157,750, exchanged for New Winwell Shares. Upon completing the continuance such New Winwell Shares became Contact Shares.
- (iii) Pursuant to the Asset Acquisition, on June 7, 2017, the Company issued 18,550,000 Contact Shares to Waterton Nevada, the value of which was determined to be \$1.00 per Contact Share.  
Total share issue costs of \$1,561,052 were incurred, including consideration, legal and advisory fees, and amounts paid to agents and financial advisors.
- (iv) On June 13, 2017, the Board issued 100,000 Restricted Shares to an officer of the Company.
- (v) On September 11, 2017 the Company issued 112,500 Contact Shares as partial consideration for the acquisition of the Pony Spur and Poker Flats properties.
- (vi) On March 14, 2018, pursuant to the closing of the transaction to acquire the East Bailey property, the Company issued 250,000 Contact Shares.

On March 14, 2019, the Company closed a private placement of 9,827,589 Contact Shares, at a price of \$0.29 per Contact Share (the "Placement Price") for proceeds of \$2,850,000. Each Contact Share was accompanied by one right (a "Right"). Subject to the rules and limitations of the TSXV, each Right shall automatically convert, without the payment of additional consideration, upon the earlier of:

- (a) the closing of a public offering registered or qualified under the Securities Act of 1933, as amended (the "Securities Act") (a "Qualified Offering");
- (b) a Change of Control of Contact Gold; or
- (c) one year following the closing date of the private placement ("Time Deadline"),

for Contact Shares as follows:

- (i) if the offering price of common stock sold in a Qualified Offering is greater than the Placement Price, for that number of shares of Contact Shares to provide a Placement Price with an effective 5% discount;
- (ii) if the offering price of Contact Shares sold in a Qualified Offering is equal to or less than the Placement Price, for that number of Contact Shares to provide a Placement Price with an effective 10% discount to the Qualified Offering price;
- (iii) in the event of a Change of Control, for that number of Contact Shares to provide a Placement Price with an effective 5% discount; or
- (iv) in the event of conversion at the Time Deadline, for that number of Contact Shares to provide a Placement Price that is equal to the maximum allowable discount prescribed pursuant to the rules of the TSXV.

The maximum possible number of issuable Contact Shares as a consequence of the conversion of the Rights is 2,047,414. All securities offered are restricted securities under Rule 144 under the Securities Act.

As at December 31, 2018, 10,534,611 (December 31, 2017 – 17,557,685) of the Company's issued common shares were held in escrow and restricted from trading, pursuant to the rules of the TSXV. These trading restrictions expire as follows:

June 14, 2019	3,511,537
December 14, 2019	3,511,537
June 14, 2020	<u>3,511,537</u>
	10,534,611

As a condition to the completion of the Transactions, and in addition to the escrow provisions imposed by the TSXV, Waterton Nevada's shareholdings in Contact Gold (18,500,000 Contact Shares) are subject to a lock-up whereby it shall not sell or otherwise dispose of its security holdings in Contact Gold until June 7, 2019, other than in limited circumstances. These same restrictions apply to those Contact Shares held or acquired at the time the Transactions closed by certain officers and directors of the Company.

### ***Contractual Obligations***

Other than those disclosed herein, including those associated with the Cobb Creek acquisition, and the Contact Preferred Shares, Contact Gold has certain additional contractual obligations arising from the RTO, the RTO Financing and Asset Acquisition, including those associated with the Contact Preferred Shares.

1. Contact Gold, Waterton Nevada and certain of the post-Transaction significant shareholders of Contact Gold ("**Shareholders**") entered into a governance and investor rights agreement which includes, among other things, a standstill, lock-up and resale restrictions placed on Waterton's holdings in Contact Gold for a period of two years, participation rights in favour of Waterton to maintain its pro rata interest in Contact Gold and registration rights in favour of Waterton. In addition, Waterton agreed to support recommendations of management of Contact Gold in respect of future meetings of shareholders of the Company for a period of two years, subject to certain limitations. Certain Shareholders also agreed to a lock-up whereby they shall not sell or otherwise dispose of their shareholdings in Contact Gold for a period of two years.



2. Upon closing of the RTO Financing, Contact Gold and Goldcorp USA, Inc. ("**Goldcorp**"), an entity holding 7,500,000 Contact Shares, entered into an investor rights agreement whereby as long as Goldcorp maintains a 7.5% or greater equity ownership interest in Contact Gold:
  - a) Goldcorp will have the right to maintain its pro rata ownership percentage of Contact Gold during future financings;
  - b) Goldcorp will have a "top up" right to increase its equity ownership percentage to a maximum of 19.9% of the issued and outstanding Contact Shares until the earlier of the date on which it elects not to exercise its participation right in any future financing or it disposes of any Contact Shares other than to its affiliates;
  - c) Goldcorp shall have the right to receive regular updates of technical information about Contact Gold;
  - d) Contact Gold will form, at Goldcorp's request, a technical committee and Goldcorp will have the right to appoint not less than 25% of the members of the technical committee; and
  - e) If Goldcorp elects to sell a block of more than 5% of the Contact Gold Shares, Contact Gold will have the right to designate buyers.

As a consequence of the closing of the March 14, 2019 private placement, the right at item (b) is no longer applicable.

### ***Transactions with Related Parties***

Key management includes members of the Board, the President and Chief Executive Officer, the VP Strategy & Chief Financial Officer, the Company's Senior Vice-President, and the VP Exploration. The aggregate total compensation paid, or payable to key management for employee services is shown below:

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Salaries and other short-term employee benefits	\$ 1,101,728	\$ 520,457
Share-based payments and Restricted Shares	1,211,579	634,506
<b>Total</b>	<b>\$ 2,313,307</b>	<b>\$ 1,154,963</b>

An additional amount of \$60,000 (2017: \$34,000) was invoiced by Cairn Merchant Partners LP ("Cairn"), an entity in which Andrew Farncomb, a director and officer of the Company, is a principal for employee service; \$45,000 is payable at December 31, 2018 (2017: \$13,003). Mr. Farncomb's base salary is paid in part directly, and in part to Cairn, in consideration of general management and administrative services rendered through Cairn.

An amount of \$195,000 earned by the directors of the Company relating to directors' fees for 2018 (2017: \$ - nil) is included in the table above, of which \$48,750 is payable at December 31, 2018 (2017: \$ - nil). There remained a balance of \$148,750 in salaries and other short-term employee benefits payable at December 31, 2018 (2017: \$ - nil).

Options were granted, and director fees were paid and payable to Mr. Charlie Davies, one of Waterton Nevada's Board nominees. Mr. Davies is an employee of an affiliate of Waterton Nevada.

Contact Gold's related parties also include (i) its subsidiaries; and (ii) Waterton Nevada as a reflection of its 37% ownership interest in the Company, its preferred shareholding and the right Waterton Nevada holds to put forward two nominees to the Board.

Pursuant to the Disposal Agreement, the Company sold the Golden Cloud and Santa Renia mineral properties to Waterton Nevada in exchange for cash consideration in the amount of \$560,951. Total cash consideration received of \$639,959, included an amount of \$79,008 as reimbursement of Claims Maintenance fees. The Company recognized a \$1,962,061 loss on disposal as a consequence of this transaction.

Subsequent to year end, Waterton Nevada also purchased 3,603,020 Contact Shares in the Private Placement such that it maintained its 36.66% pro rata share of the Company.

### ***Critical Accounting Estimates***

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates, and assumptions that affect the reported amounts of assets, liabilities, and expenses. Factors that could affect these estimates are discussed in the AIF, under the heading, "*Risk Factors*". Subject to the impact of such risks, the carrying value of Contact Gold's financial assets and liabilities approximates their estimated fair value.

#### *Judgments*

In the process of applying accounting policies for Contact Gold, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements.

##### *i) Exploration property acquisition and transaction costs*

The application of the Company's accounting policy for exploration property acquisition and transaction costs requires judgment to determine the type and amount of such costs to be deferred. Furthermore, judgment is required to determine whether future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

Relatively significant costs may be incurred when evaluating, pursuing and completing an acquisition, with such costs often included amongst legal and advisory fees incurred as part of more general consultation and advisory services. Pursuant to IFRS, only those direct, incremental costs of any such acquisition can be deferred; accordingly, judgment is required in determining which of expenditures are eligible for deferral.

The Company determined the price at which Contact Shares were issued in the RTO Financing to be the most appropriate indicator of value in the acquisition of Clover and the portfolio of exploration properties held by that entity as the \$1.00 per Subscription Receipt price reflected the understanding of market participants of the Transaction, and particularly the planned Asset Acquisition.

The \$40.97 million value of Consideration reflects the aggregate value of the Cash Payment, and the fair value of the Contact Preferred Shares, with the remaining value attributed to the Contact Shares. Consideration was allocated to the respective exploration property interests acquired principally on the basis of a value-per-hectare of each individual property acquired (based on that of a group of peer companies and their respective exploration property interests), along with management-assess quantitative and qualitative judgments relating to the prospectivity and marketability of each.

Resource exploration is a speculative business and involves a high degree of risk. There is no certainty that the expenditures made by Contact Gold in the exploration of its property interests will result in discoveries of commercial quantities of minerals. Exploration for mineral deposits involves risks which even a combination of professional evaluation and management experience may not eliminate. Significant expenditures are required to locate and estimate ore reserves, and further the development of a property.

Capital expenditures to bring a property to a commercial production stage are also significant. There is no assurance the Company has, or will have, commercially viable ore bodies. There is no assurance that the management will be able to arrange sufficient financing to bring ore bodies into production.

##### *ii) Review of asset carrying values and impairment assessment*

Individual assets are evaluated every reporting period to determine whether there are any indications of impairment. If any such indication exists, a formal estimate of recoverable amount is performed, and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset is measured at the higher of value in use and fair value less costs to sell. The most significant assets assessed for impairment include the carrying value of the Company's exploration property interests, and capitalized exploration property acquisition costs.

##### *iii) Embedded Derivatives*

In determining the fair value of the embedded derivatives on the date of issue it was necessary for the Company to make certain judgments relating to the probability and timing of a change of control. The nature of this judgment, and the factors management considered in determining the resultant calculation is inherently uncertain, and subject to change from period to period. Such changes could materially affect the fair value estimate of the embedded derivatives and the change from period to period.

### *Estimates and assumptions*

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the carve-out financial statements and the reported amounts of expenses during the reporting period. Management of Contact Gold have evaluated estimates and assumptions related to asset valuations, asset impairment, and loss contingencies. Management bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the other sources. The actual results experienced by the Company may differ materially and adversely from the estimates presented in these financial statements. To the extent there are material differences between estimates and the actual results, future results of operations will be affected. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

#### *i) Exploration and evaluation expenditures*

Exploration property acquisition costs are capitalized. Development costs are capitalized only when it has been established that a mineral deposit can be commercially mined, and a decision has been made to formulate a mining plan. In addition to applying judgment to determine whether future economic benefits are likely to arise from the Company's exploration and evaluation assets or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves, management must apply a number of estimates and assumptions.

The publication of a resource pursuant to NI 43-101 is itself an estimation process that involves varying degrees of uncertainty depending on how the resources are classified (i.e., measured, indicated or inferred). The estimates and related determination of potential project economics directly impact when the Company capitalizes exploration acquisition costs and development expenditures. Any such estimates and assumptions may change as new information becomes available. If, after development expenditures are capitalised, information becomes available suggesting that the recovery of such expenditure is unlikely, the relevant capitalised amount is written off in the statement of loss and other comprehensive loss in the period when the new information becomes available.

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

#### *ii) Fair Value of Share Based Payments*

The Company follows IFRS 2, in determining the fair value of share-based payments.

As it relates to equity remuneration, this calculated amount is not based on historical cost, but is derived based on assumptions (such as the expected volatility of the price of the underlying security, expected hold period before exercise, dividend yield and the risk-free rate of return) input into a pricing model. The model requires that management make forecasts as to future events, including estimates of: the average future hold period of issued stock options before exercise, expiry or cancellation; future volatility of the Company's share price in the expected hold period; dividend yield; and the appropriate risk-free rate of interest. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 8 to the Consolidated Financial Statements. The resulting value calculated is not necessarily the value that the holder of the equity compensation could receive in an arm's length transaction, given that there is no market for the options and they are not transferable.

The assumptions used in these calculations are inherently uncertain. Changes in these assumptions could materially affect the related fair value estimates.

#### *iii) Financial Liabilities, including Embedded Derivatives*

In determining the fair value of the embedded derivatives on the date of issue of USD 5,066,520 (\$6,846,649), it was necessary for the Company to make certain assumptions to derive the effective interest rate used in calculating the Company's credit spread, as well as assumptions relating to the probability and timing of a change of control, exercise of the early redemption option, share price volatility, and future fluctuations in the rate of foreign exchange between the Canadian and United States dollar.

There is an inverse correlation of the fair value of the Embedded Derivative and the USD-denominated value of the Contact Shares on the TSXV. The impact of changes in estimates as to the exercise of the probability and timing of a change of control, are generally correlated, however, the calculation of such is also impacted by changes to the different risk-free rate curves, further impacting the fair value of the Embedded Derivative. There is significant complexity to the interplay and impact of these various inputs and the quantum resultant from these relationships which is further influenced by changes to management's assumptions as to the potential exercise and timing thereof of the COCROption and the EROption. Accordingly, there may be significant volatility to the fair value of the Embedded Derivative from period to period. The Company based its assumptions and estimates on parameters relevant to the June 7, 2017 issue date of the Contact Preferred Shares, and then again as at each of December 31, 2017 and 2018.

Similarly, the Company made certain assumptions to determine the appropriate effective interest rate in calculating the fair value of the Cobb Creek Obligation, with such determination made in alignment with the rate determined to fair value the embedded derivatives.

The assumptions used in these calculations are inherently uncertain. Existing circumstances and assumptions about future developments, may change due to market change or circumstances arising beyond the control of the Company. Such changes could materially affect the related fair value estimate, and are reflected in the assumptions when they occur.

#### ***Fourth Quarter***

Cashflows through the fourth quarter are reflective of ongoing operating activities, including \$551,692 in exploration and evaluation expenditures. There were no meaningful investing activities or financing activities in the fourth quarter. Non-cash impacts, including (i) a \$1,962,061 loss on the disposal of exploration properties, (ii) \$741,314 foreign exchange impact arising on the Contact Preferred Shares, (iii) accretion expense of \$493,258, and (iv) share-based compensation expense of \$265,765, comprise the majority of the remaining financial impacts to the fourth quarter financial results.

#### ***Financial Instruments and Other Instruments***

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets. Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset or liability, and included situations where there is little, if any, market activity for the asset.

At initial recognition, Contact Gold classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

- (i) Financial assets and liabilities at fair value through profit or loss ("FVTPL"): A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term. Derivatives are also included in this category unless they are designated as hedges. Embedded derivatives classified as liabilities, which are interconnected and relate to similar risk exposures are valued together as one embedded derivative.

Financial instruments in this category are recognized initially, and subsequently, at fair value. Transaction costs are expensed in the statements of loss. Gains and losses arising from changes in fair value are presented in the statements of loss within other gains and losses in the period in which they arise. Financial assets and liabilities, and embedded derivatives at FVTPL are classified as current except for the portion expected to be realized or paid beyond twelve months of the balance sheet date, which is classified as non-current.

The Company held no financial assets at FVTPL (Level 1) at December 31, 2018. The Embedded Derivatives, which are classified as Level 3 financial liabilities at FVTPL, are interconnected and relate to similar risk exposures, and are accordingly are valued together as one embedded derivative. Certain inputs to the calculation of the value of the Embedded Derivatives use Level 2 and Level 3 inputs

- (ii) Available-for-sale investments: Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories.

Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. Gains or losses arising from changes in fair value are recognized in other comprehensive income (loss). Available-for-sale investments are classified as non-current, unless the investment matures within twelve months, or management expects to dispose of them within twelve months. When an available-for-sale investment is sold or impaired, the accumulated gains or losses are moved from accumulated other comprehensive income (loss) to the statement of loss and included in other gains and losses.

As at December 31, 2018, the Company has no financial assets in this category.

- (iii) Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables of Contact Gold are comprised of 'Receivables', and are classified as appropriate in current or non-current assets according to their nature. Loans and receivables are initially recognized at the amount expected to be received less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

The carrying value of the Company's loans and receivables at December 31, 2018 approximate their fair value due to their short-term nature.

- (iv) Held to maturity: Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management of the Company has the positive intention and ability to hold to maturity. They are measured at amortized cost less any allowance for impairment. Amortization of premiums or discounts and losses due to impairment are included in current period loss. As at December 31, 2018, the Company has no financial assets in this category.

- (v) Financial liabilities at amortized cost: Financial liabilities at amortized cost include account payables and accrued liabilities (Level 2), the "host" element of the Contact Preferred Shares (Level 3), and the Cobb Creek obligation (Level 3). Financial liabilities are initially recognized at the amount required to be paid less, when material, a discount to reduce the payables to fair value, net of transaction costs. Subsequently, accounts payables are measured at amortized cost using the effective interest method with interest expense recognized on an effective yield basis. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expenses over the corresponding period. The effective interest rate is the rate that exactly discounts estimated future cash payments over the expected life of the financial liability, or, where appropriate, a shorter period.

Financial liabilities and the Contact Preferred Shares are classified as current liabilities if payment is due within twelve months. Certain inputs to the calculation of the valued of the Contact Preferred Shares and the Cobb Creek obligation use Level 2 and Level 3 inputs. Otherwise, they are presented as non-current liabilities. No amount of the Contact Preferred Shares is currently due within 12 months, one USD 30,000 payment of the Cobb Creek obligation is due in November 2019.

### ***Risks Associated With Financial Instruments***

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities, the Contact Preferred Shares and the Embedded Derivatives. It is management's opinion that with the exception of the Contact Preferred Shares and the Embedded Derivatives: (i) the Company is not exposed to significant interest, currency or credit risks arising from its financial instruments, and (ii) the fair values of these financial instruments approximate their carrying values unless otherwise noted in these Consolidated Financial Statements.

Contact Preferred Shares, the Embedded Derivatives, and the Cobb Creek Obligation are each considered to Level 3 type financial liabilities, with each determined by observable data points, in particular the Company's share price, the rate of CAD/USD foreign and the Company's credit spread, with reference to current interest rates and yield curves.

The type of risk exposure and the way in which such exposure is managed is provided as follows:

#### *Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Contact Gold's credit risk is primarily attributable to its liquid financial assets. The Company limits exposure to credit risk and liquid financial assets through maintaining its cash with high credit quality banking institutions in Canada and the USA. The Company mitigates credit risk on these financial instruments by adhering to its investment policy that outlines credit risk parameters and concentration limits. As at December 31, 2018 the balance of cash held on deposit was \$0.5 million (December 31, 2017: \$6.2 million). The Company has not experienced any losses in such amounts and believes it is not exposed to any significant risks on its cash in bank accounts.

#### *Liquidity Risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages its capital in order to meet short term business requirements, after taking into account cash flows from operations, expected capital expenditures and the Company's holdings of cash. The Company may have to issue additional Contact Shares to ensure there is sufficient capital to meet long term objectives. The Company's financial liabilities of payables and accrued liabilities are payable within a 90-day period and are to be funded from cash on hand.

#### *Interest Rate Risk*

Contact Gold is subject to interest rate risk with respect to its investments in cash. The Company's current policy is to invest cash at floating rates of interest, and cash reserves are to be maintained in cash and cash equivalents in order to maintain liquidity, while achieving a satisfactory return for shareholders. Fluctuations in interest rates when cash and cash equivalents mature impact interest income earned.

#### *Market Risk - Foreign Exchange*

The significant market risk to which the Company is exposed is foreign exchange risk. The results of the Company's operations are exposed to currency fluctuations. To date, the Company has raised funds entirely in Canadian dollars. The majority of the Company's mineral property expenditures, will be incurred in United States dollars. The fluctuation of the Canadian dollar relation to the USD will consequently have an impact upon the financial results of the Company.

A 1% increase or decrease in the exchange rate of the US dollar against the Canadian dollar would result in a \$4,203 increase or decrease respectively, in the Company's cash balance. The Company has not entered into any derivative contracts to manage foreign exchange risk at this time. A significant portion of the Company's cash balance is held in USD.

#### *Fair Value Estimation*

With the exception of the Contact Preferred Shares, and other non-current liabilities, the carrying value of the Company's financial assets and liabilities approximates their estimated fair value due to their short-term nature.

#### ***Off Balance Sheet Arrangements and Legal Matters***

Contact Gold has no off-balance sheet arrangements, and there are no outstanding legal matters of which management is aware.

#### ***Changes in Accounting Policies and New Accounting Pronouncements***

For information on the Company's accounting policies and a summary of new accounting pronouncements, please refer to our disclosures in the Consolidated Financial Statements at Note 2.

Preliminary internal discussions have begun in order to evaluate the consequences of the new pronouncements, but the full impact has yet to be assessed.

### ***Proposed Transactions***

There are no proposed material transactions. However, as is typical of the mineral exploration and development industry, management of Contact Gold continually review potential merger, acquisition, investment, and joint venture transactions and opportunities that could enhance shareholder value. The Company also notes that in order to satisfy its capital requirements and undertake a planned exploration program for 2019 it will be necessary to raise funds, likely through a capital raise. There is no guarantee that any contemplated transaction will be concluded.

### ***Subsequent Events Not Otherwise Described Herein***

With the exception of transactions and activities described in this MD&A, there were no subsequent events.

### ***Industry and economic factors that may affect our business***

Economic and industry risk factors that may affect our business, in particular those that could affect our liquidity and capital resources, are as described under the heading "Risk Factors" in the AIF, available on Contact Gold's SEDAR profile at [www.sedar.com](http://www.sedar.com). In particular, there are currently significant uncertainties in capital markets impacting the availability of equity financing for the purposes of mineral exploration and development. We anticipate having to rely on financing undertaken by Contact Gold in order to continue to fund activities.

Certain uncertainties relating to the global economy, political uncertainties and increasing geopolitical risk, increased volatility in the prices of gold, copper, other precious and base metals and other minerals, as well as increasing volatility in the foreign currency exchange markets may impact Contact Gold's business and accordingly, may impact our ability to remain a going concern.

A comprehensive discussion of the Company's risks and uncertainties is set out in the AIF. The reader is directed to carefully review this discussion for a proper understanding of these risks and uncertainties.

### ***Scientific and Technical Disclosure***

The Contact Gold Properties are all early stage and do not contain any mineral resource estimates as defined by NI 43-101. There are no assurances that the geological similarities to projects mentioned herein operated by GSV or Newmont, or other project along the Carlin Trend, will result in the establishment of any resource estimates at any of the Company's property interests including Pony Creek, or that the Pony Creek can be advanced in a similar timeframe. The potential quantities and grades disclosed herein are conceptual in nature and there has been insufficient exploration to define a mineral resource for the targets disclosed herein. It is uncertain if further exploration will result in targets on any of the Contact Gold Properties being delineated as a mineral resource.

The scientific and technical information contained in this MD&A has been reviewed and approved by Vance Spalding, CPG, VP Exploration, Contact Gold, who is a "qualified person" within the meaning of NI 43-101.

### ***Additional disclosure for Venture Issuers without Significant Revenue***

Additional disclosure concerning Contact Gold's general and administrative expenses and mineral exploration property costs are provided in the statements of loss and comprehensive loss and notes to the Consolidated Financial Statements. These financial statements are available on Contact Gold's website at [www.contactgold.com](http://www.contactgold.com) or on its SEDAR profile accessed through [www.sedar.com](http://www.sedar.com).

### ***Additional Information***

For further information regarding Contact Gold, refer to those continuous disclosure filings made with the Canadian securities regulatory authorities available under Contact Gold's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

***Approval***

The Board has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it of us, and will be posted to Contact Gold's website at [www.contactgold.com](http://www.contactgold.com).

(signed) "Matthew Lennox-King"

Matthew Lennox-King  
President & Chief Executive Officer  
April 3, 2019

(signed) "John Wenger"

John Wenger  
Chief Financial Officer & VP Strategy



### ***Cautionary Notes Regarding Forward-Looking Statements***

This MD&A, contains “forward-looking information” and “forward-looking statements” (collectively, “forward-looking statements”) within the meaning of the applicable Canadian securities legislation. All statements, other than statements of historical fact, are forward-looking statements and are based on expectations, estimates and projections as at the date of this MD&A. Any statement that involves discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, future events or performance (often but not always using phrases such as “expects”, or “does not expect”, “is expected”, “anticipates” or “does not anticipate”, “plans”, “budget”, “scheduled”, “forecasts”, “estimates”, “believes” or “intends” or variations of such words and phrases or stating that certain actions, events or results “may” or “could”, “would”, “might” or “will” be taken to occur or be achieved) are not statements of historical fact and may be forward-looking statements. In this MD&A, forward-looking statements relate, among other things, to the anticipated exploration activities of the Company on the Contact Gold Properties, and the timing and settlement of the Company’s current obligations.

These forward-looking statements are based on reasonable assumptions and estimates of management of the Company at the time such statements were made. Actual future results may differ materially as forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to materially differ from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors, among other things, include: the synergies expected from the Transactions not being realized; business integration risks; fluctuations in general macroeconomic conditions; fluctuations in securities markets; fluctuations in spot and forward prices of gold, silver, base metals or certain other commodities; fluctuations in currency markets (such as the Canadian dollar to United States dollar exchange rate); change in national and local government, legislation, taxation, controls, regulations and political or economic developments; risks and hazards associated with the business of mineral exploration, development and mining (including environmental hazards, industrial accidents, unusual or unexpected formations pressures, cave-ins and flooding); inability to obtain adequate insurance to cover risks and hazards; the presence of laws and regulations that may impose restrictions on mining; employee relations; relationships with and claims by local communities and indigenous populations; availability of increasing costs associated with mining inputs and labour; the speculative nature of mineral exploration and development (including the risks of obtaining necessary licenses, permits and approvals from government authorities); and title to properties. Although the forward-looking statements contained in this news release are based upon what management of the Company believes, or believed at the time, to be reasonable assumptions, the Company cannot assure shareholders that actual results will be consistent with such forward-looking statements, as there may be other factors that cause results not to be as anticipated, estimated or intended. Readers should not place undue reliance on the forward-looking statements and information contained in this news release. The Company assumes no obligation to update the forward-looking statements of beliefs, opinions, projections, or other factors, should they change, except as required by law.

No stock exchange, securities commission or other regulatory authority has approved or disapproved the information contained herein. Neither the TSXV nor its Regulation Services Provider (as that term is defined in the policies of the TSXV) accepts responsibility for the adequacy of the MD&A. No stock exchange, securities commission or other regulatory authority has approved or disapproved the information contained herein.