



# **WARRIOR GOLD**

EXPERIENCE • EXPLORATION • RESULTS

(Formerly War Eagle Mining Company Inc.)

## **Management's Discussion and Analysis**

**For the Nine Months Ended December 31, 2019**

This management's discussion and analysis ("MD&A") of the financial position and results of activities of Warrior Gold Inc. ("Warrior Gold" or the "Company") is prepared as of February 28, 2020 and should be read in conjunction with the condensed consolidated interim financial statements for the nine months ended December 31, 2019 ("Interim Financial Statements") and the audited consolidated financial statements for the year ended March 31, 2019, ("Annual Financial Statements") and the related notes thereto.

The Company's Interim Financial Statements have been prepared by management ("Management") in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Unless otherwise stated, all amounts discussed herein are denominated in Canadian dollars (\$), which is the functional and reporting currency of the Company. Additional information relating to Warrior Gold is available on the *System for Electronic Document Analysis and Retrieval* ("SEDAR") at [www.sedar.com](http://www.sedar.com).

### **Forward - Looking Statements**

Certain statements contained in this MD&A may contain "forward-looking statements" that reflect the Company's current expectations and projections about its future results. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements.

### **Incorporation and Organization of the Company**

The Company was incorporated under the laws of British Columbia on March 6, 1984. Pursuant to Articles of Amendment filed and effective September 28, 2018, the Company changed its name from War Eagle Mining Company Inc. to Warrior Gold Inc. The Company is a reporting issuer in British Columbia and Alberta and is a tier two issuer on the TSX Venture Exchange ("TSX-V") trading under the symbol "WAR". The Company's head office and operating office is located at Suite 1400, 25 Adelaide Street East, Toronto, Ontario, Canada, M5C 3A1 and its registered office is located at Suite 700, 595 Burrard Street, Vancouver, British Columbia, Canada, V7X 1S8.

Warrior Gold has two wholly-owned subsidiaries - Champagne Resources Inc. (formerly Andromeda Resources Inc.), an Ontario corporation and RD Minerals S.A. de C.V., a Mexican-registered company.

### **Company Overview**

Warrior Gold is engaged in the acquisition and exploration of mineral properties, with a current focus on precious metal properties in Ontario, Canada. The Company's main property, Goodfish-Kirana ("Goodfish-Kirana", "Goodfish-Kirana Project" or the "Property"), is located five kilometres north of Kirkland Lake, Ontario in Morrissette, Bernhardt, Teck and Lebel Townships, within the Larder Lake Mining Division. The Goodfish-Kirana Project land package is comprised of 28 patented claims, with 217 operational cells, totaling 3,859 ha (9,536 acres). The Goodfish-Kirana property has a length of 11.5 km of which six to eight km host the Kirana Deformation Zone (DZ), a significant geological structure that is known to host gold mineralization. Historical work dates back to the early 1900s when high-grade gold was first discovered at the historic mines, Goodfish and Kirkland Kirana by hand digging exploration pits and mine shafts. There are 18 historical mine shafts and pits on the Property and due to its fragmented historical land ownership, the Property has never been fully explored with some parts of the Property having been explored more thoroughly than others.

Warrior Gold is exploring the Goodfish-Kirana Project with a program designed to advance 19 exploration targets which were identified and prioritized by the Company's geological team in March 2019.

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#### **Recent Corporate Developments**

On November 13, 2019, the Company announced the appointment of Mr. Gary Nassif, P.Geo. as a Director of the Company. Mr. Nassif is a professional geologist (P.Geo.) with 25+ years' experience in gold, base-metal and diamond exploration in Canada, the United States, and sub-Saharan Africa. He currently holds the positions of Senior Vice President of Jerritt Canyon Gold, a private Nevada gold-producer and subsidiary (80%-owned) of Sprott Mining Inc., President & CEO of Argentum Silver Corp. and a director of Inventus Mining Corp. Mr. Nassif has been involved in exploration and production management, legal and technical due diligence and investor relations and he has served as Manager Exploration Services for Kerr Mines, Northern Gold Mining, and Trelawney Mining & Exploration, prior to its sale to IAMGOLD for \$608 million in 2012. He holds an M.Sc. in Geology (McGill University), a B.Sc. in Geology (Concordia University) and a Certificate in Mining Law from Osgoode Hall.

On November 21, 2019, the Company announced the closing of the non-brokered private placement financing ("Offering"), raising gross proceeds of \$1,010,093 through the issuance of 10,646,478 common shares, relating to subscriptions totalling \$520,000 in flow-through units ("FT Units") and \$490,093 in hard dollar ("HD Units"). Each FT Unit was priced at \$0.10 per FT Unit and consisted of one flow-through common share and one-half of one common share purchase warrant (a "FT Warrant") and each HD Unit consisted of one common share and one-half of one common share purchase warrant (a "HD Warrant"). Each whole common share purchase warrant (a "**Warrant**") entitles the holder, on exercise, to purchase one additional common share of the Company at a price of \$0.15 per common share for one year post the closing date, provided, however, that, if at any time following the expiry of the statutory four-month hold period, the closing price of the common shares on the TSX Venture Exchange (the "**TSXV**") is greater than \$0.30 for 20 or more consecutive trading days, the Warrants will be accelerated and will expire on the 30<sup>th</sup> business day following the date of notice of such acceleration. Insiders of the Company subscribed for an aggregate of 1,000,000 FT Units for gross proceeds of \$100,000 under the Offering.

In connection with the Offering, the Company paid finders' fees of \$32,548 in cash and issued 339,479 finder warrants on the same terms as the financing Warrants (but non-transferable). The securities issued under the Offering are subject to a four-month hold period from the date of issuance in accordance with applicable securities laws, expiring on March 21, 2020. The gross proceeds from the sale of FT Units will be used for Canadian exploration expenses that will qualify as "flow-through mining expenditures", as defined in the Income Tax Act (Canada).

On December 17, 2019, the Company granted an aggregate of 2,975,000 stock options to purchase common shares of the Company to certain directors, officers, contractors and consultants of the Company. The options, which vest immediately, are exercisable for a period of five years at a price of \$0.10 per share.

On February 26, 2020, the Company announced the appointment of Mr. Steve Burleton, M.B.A., CFA, ICD.d. as a Director of the Company effective February 28, 2020. Mr. Burleton replaces Malcolm Burke as a director, who will continue to act as an active advisor to the Company. Mr. Burleton is an experienced mining executive with significant experience in capital raising, corporate development and strategy. He most recently was the President and CEO of GT Gold where he raised close to \$25 million in equity and brought in Newmont as a strategic investor to support the newly discovered Saddle North project. Prior to GT Gold, he was Vice President, Business Development for Richmond Mines Inc. which company was acquired by Alamos Gold Inc. for US\$770 million in November 2017. Mr. Burleton was responsible for the financing at Richmond and worked closely with its executive team in determining Richmond's strategic direction. He has over 18 years of experience in the Canadian investment banking industry as Managing Director of Investment Banking at Wellington West Capital Markets Inc. and at Scotia Capital Inc. advising and executing debt and equity financing for companies in the mining, fertilizer and industrial products sectors. Mr. Burleton is a CFA Charterholder, he has an MBA from York University and has his ICD.d from the Rotman School of Management.

## **Exploration**

### **Fall Field Mapping Program**

A reconnaissance field mapping program focused on traversing high-priority target areas that have not been mapped since the 1960's was completed on September 30<sup>th</sup>. The objective was to continue to develop the geological model for vectoring purposes, adding to and upgrading targets in the Company's pipeline. As well, the mapping program was designed to put an emphasis on the collection of bedrock samples for gold and multi-element analysis to be used for prospecting, host-rock discrimination, alteration mapping, pathfinder vectoring, strain domain mapping, and uncovering previously unmapped outcrops, all in order to add data to assist in drill hole targeting. Information obtained from this work has enabled the Company to further define and refine its geological model.

A total of 198 samples were collected and geochemical results have been assessed in conjunction with other whole-rock geochemical data collected from previous diamond drilling campaigns. The analytical results have been compiled into the Company's data base. Results of this work provide both pathfinders for gold-vectoring and an array of elements for host rock and alteration discrimination mapping.

### **Fall Drilling Program**

On October 21, 2019, Warrior Gold announced that its 3,500m diamond drilling program would commence end of October (see Map 1). The initial stage of the drilling program commenced with a 2,106 m program of 10 holes at Goodfish 'A' Zone. Drilling was completed on November 20, 2019. Core logging, geotechnical work, and sampling were completed in early December.

Assay results were announced on January 20, 2020. The focus of the drilling program was to extend the high-grade mineralization identified in previous drilling campaigns (GK19-008 5.37 m of 9.04 g/t Au and GF90-04 12.6 m of 16.97 g/t Au) along strike and at depth as shown on Map 2.

#### *Drilling Program Highlights:*

- Mineralized zone has been extended 100m to the east, extended 50m to the west and remains open in both directions and at depth;
- Drilling intersected new high grades in a subparallel shear zone in the footwall at shallow depth;
- Continuity of geological structure and model confirmed.

Gold was intersected in nine of ten drill holes, expanding the extent of known gold mineralization. In addition, new high-grade intervals south of the "A" Zone have been discovered. Selected highlighted assay results from the Fall 2019 drill program are provided in Table 2 and all assay results can be found on the Company's website at [www.warriorgold.com](http://www.warriorgold.com).

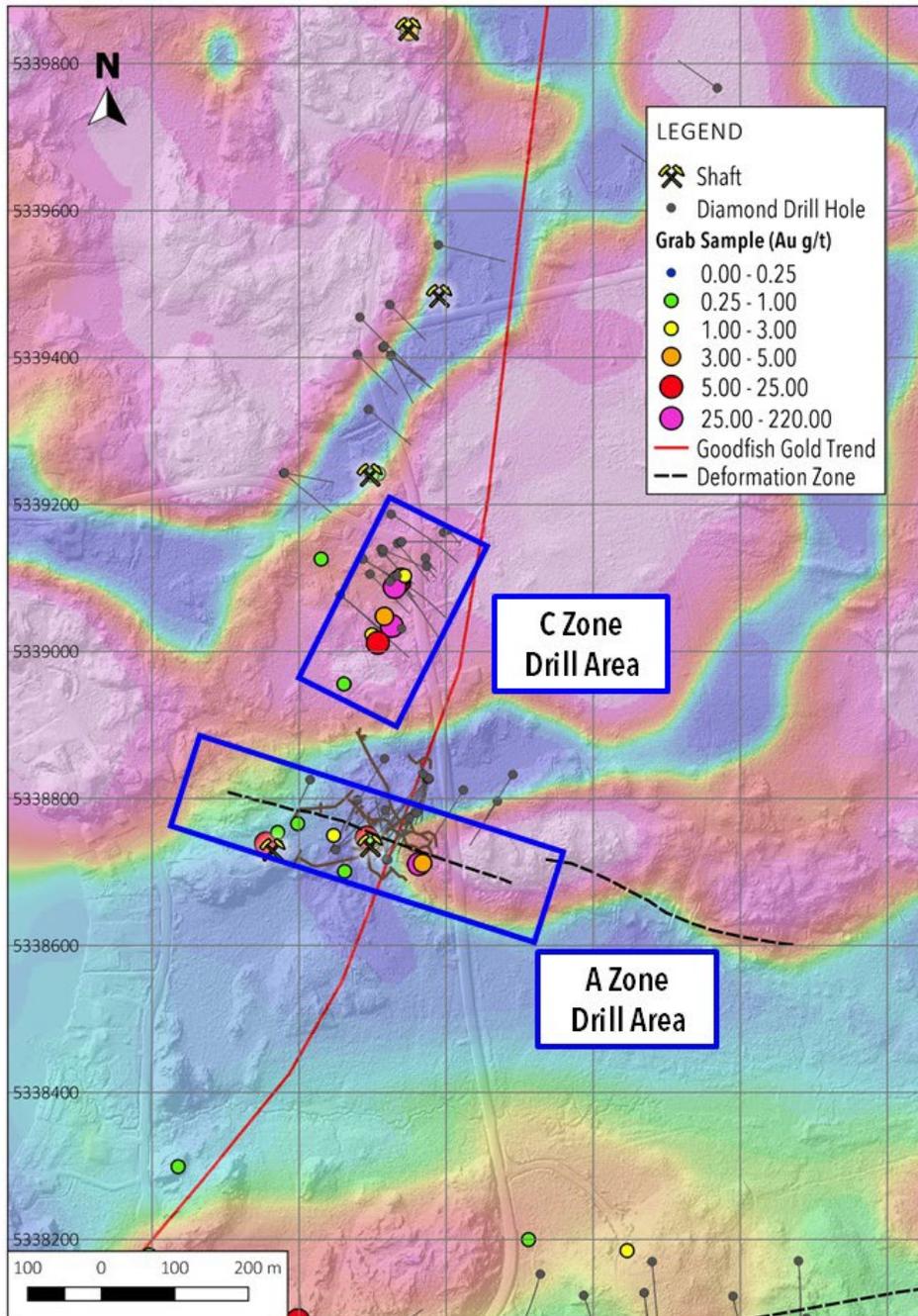
#### *Significant Drill Results*

South (footwall) of "A" Zone:

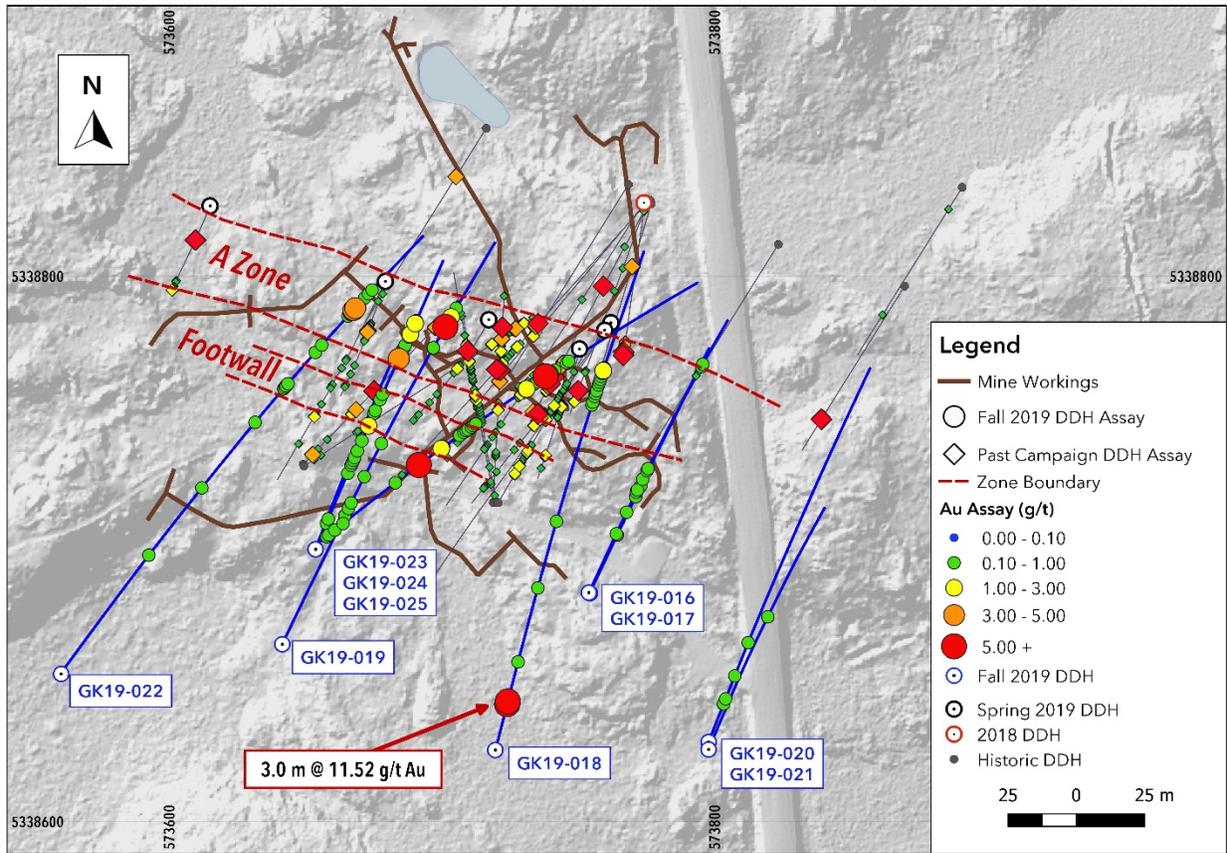
- GK19-018: 11.52 g/t Au over 3.0m (18m vertical depth)
- GK19-023: 1.37 g/t Au over 1.3m (49m vertical depth)
- GK19-025: 11.25 g/t Au over 1.5m (58m vertical depth)
- GK19-025: 1.21 g/t Au over 1.5m (70m vertical depth)
- GK19-025: 2.36 g/t Au over 1.5m (117m vertical depth)

"A" Zone:

- GK19-017: 0.70 g/t Au over 1.5m (72m vertical depth)
- GK19-018: 0.50 g/t Au over 10.5m (146m vertical depth)
- GK19-019: 1.49 g/t Au over 10.8m (165m vertical depth)
- GK19-022: 2.82 g/t Au over 4.2m (200m vertical depth)
- GK19-023: 0.58 g/t Au over 21.0m (84m vertical depth) including 4.36 g/t Au over 1.50m
- GK19-025: 3.27 g/t Au over 5.6m (128m vertical depth)



**Map 1. Drill test areas for planned fall drilling program – drilling completed on A Zone only.**



**Map 2. Location map with results of the 2019 fall drilling program 'A' Zone diamond drill holes, Goodfish-Kirana Property.**

**Table 1. Diamond Drill hole location, azimuth and length**

Hole ID	Azimuth	Dip	Northing	Easting	Length (m)
GK19-016	024°	-45°	5338683.8	573754.3	138
GK19-017	025°	-55°	5338684.0	573753.9	190
GK19-018	016°	-45°	5338626.3	573719.6	261
GK19-019	027°	-50°	5338665.1	573641.5	255
GK19-020	022°	-50°	5338629.2	573797.8	201
GK19-021	022°	-60°	5338626.5	573797.8	185
GK19-022	037°	-50°	5338654.2	573560.4	309
GK19-023	022°	-45°	5338699.9	573653.7	159
GK19-024	020°	-60°	5338699.9	573653.7	153
GK19-025	050°	-50°	5338701.0	573653.3	255
All holes UTM zone 17N				Total m	2,106

The target at the "A" Zone area is shear-hosted gold mineralization that strikes 110° and dips steeply to the north, at 70° to 75°. The shear varies from 1 m to 20 m in width. It has been intersected to a vertical depth of 225m below surface and has a current strike length of approximately 300m. The zone is characterized

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by moderate to strong deformation textures and structures (foliation, breccias, shears and faults) and pervasive sericite ± carbonate ± silicate alteration.

Drill hole GK19-025 was drilled in the middle of the high-grade zone and intersected 3.27 g/t Au over 5.6 m, within ~ 17m of Glencairn's 2.85 g/t Au over 8.6m in GF92-19 (NI 43-101, February 9, 2018). Drill holes GK19-019 (1.49 g/t Au over 10.8m), GK19-022 (2.82 g/t over 4.2m) and GK19-023 (0.58 g/t Au over 21m) have extended the mineralization to the west by 50m at depths between 100m and 225m below surface. Drill holes GK19-016 (0.26 g/t Au over 1.5 m), GK19-017 (0.70 g/t Au over 1.5m), GK19-018 (0.50 g/t Au over 10.5m), GK19-020 (0.40 g/t Au over 1.5m), and GK19-021 (0.14 g/t Au over 1.5m) extended the mineralization and intersected a shear zone to the east over 100 m from historical drilling.

Newly discovered anomalous gold mineralization has been intersected in the area of the footwall. There appears to be a subparallel zone to the main zone located approximately 50m to 75m to the south. Intersections in this mineralized trend include 1.37 g/t Au over 1.3m in GK19-023 and 11.25 g/t Au over 1.5m, 1.21 g/t Au over 1.5m, 0.36 g/t Au over 12.3m and 2.36 g/t Au over 1.5m in GK19-025. Another high-grade intersection occurs in drill hole GK19-018 with 11.52 g/t Au over 3.0 m associated with quartz iron carbonate veining at a vertical depth of 18m below surface and 100m to the south of the main zone.

Warrior Gold is reviewing the geological and structural data in the footwall area to better understand the controls and continuity of this new mineralization.

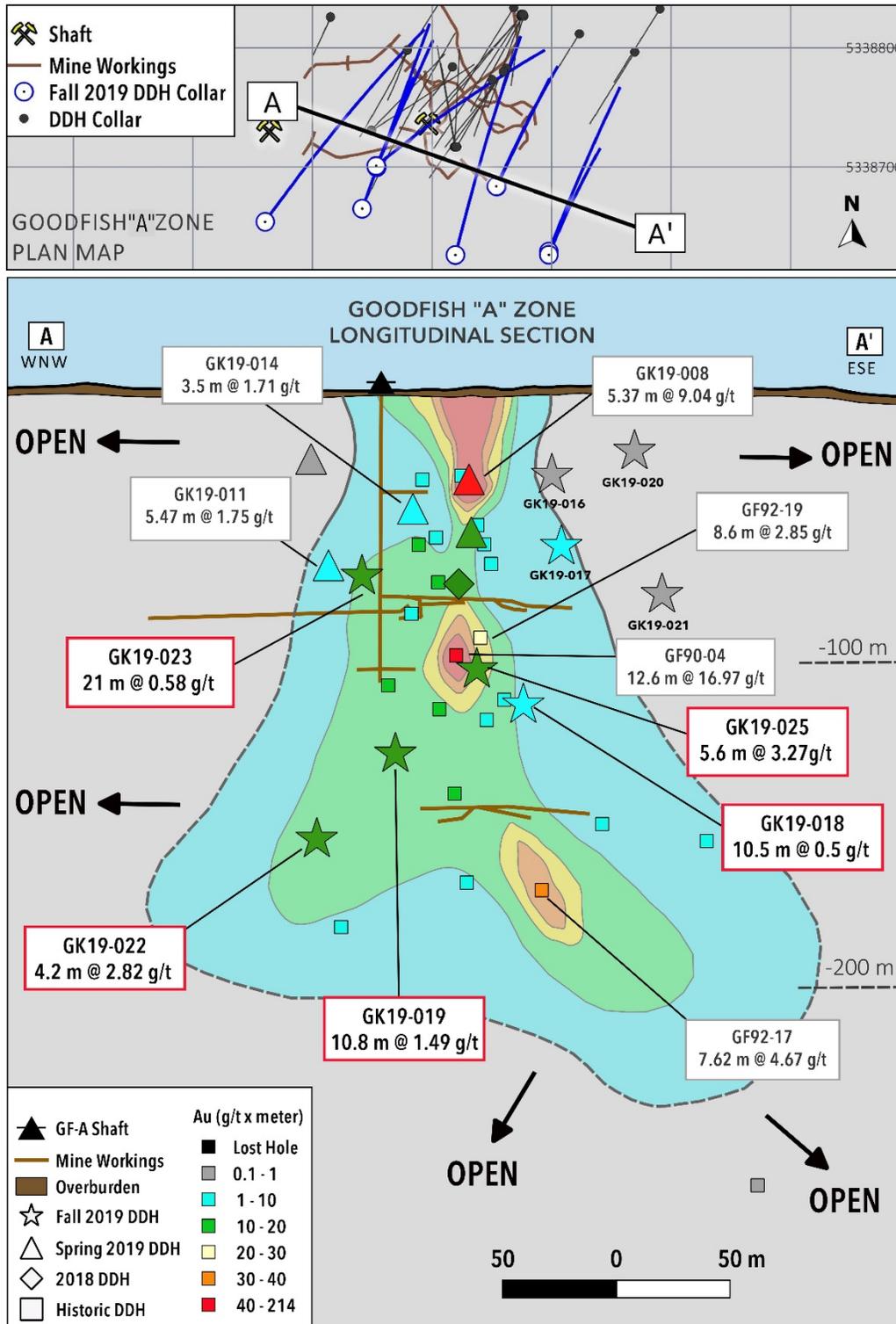
#### *Drilling Contract, Analytical Protocol and QA/QC*

The Fall 2019 drilling contract was awarded to SMP Drilling based in Rouyn, Quebec. The drill hole diameter is NQ. Drilling took place from end of October to mid-November 2019.

Program design, management, and Quality Control/Quality Assurance were conducted by Warrior Gold's exploration group under the guidance of Tom Neelands, P.Geo., the Company's Qualified Person and with support from Melissa Render, P.Geo., Principal Consultant. Miguel Nassif, PhD, supervised all aspects of the core logging which included: core orientation, photography, geology, structural measurements, magnetic susceptibility, core recovery and the insertion of standards and blanks. Standards were obtained from Analytical Solutions Ltd. and the QA/QC results were reviewed by N. Pastakia. Technical support for this disclosure was also provided by Susan Lomas, P.Geo., of Lions Gate Geological Consulting Inc. (LGGC).

Drill core samples were cut by diamond saw at the Toburn Core Cutting facilities adjacent to the Warrior Gold core logging facilities in the town of Kirkland Lake. Field duplicate samples, blank rock samples and certified reference materials were inserted into the sample sequence at a frequency of one per 20 samples, except in GK19-016 and -017 where QA/QC was mistakenly omitted. A halved core sample was left in the core box with the other half core sampled and transported by Warrior Gold's personnel in securely sealed bags to ALS Limited's sample preparation laboratory in Timmins, Ontario. After sample preparation, samples were shipped to ALS's Vancouver facility for gold and ICP analysis. Gold assays greater than 3 g/t Au are re-assayed on a 30-g split by fire assay with a gravimetric finish. ALS is a certified and accredited laboratory service. ALS routinely inserts certified gold reference materials, blanks and pulp duplicates, and results of all QC samples are reported.

The geological team is currently assessing and modelling all newly acquired data in 3D to determine the next round of diamond drilling targets and exploration work expected to be undertaken after the next financing.



**Figure 1. Longitudinal Section of "A" Zone, (exclusive of footwall) Fall 2019 drilling results outlined in red. The mineralized shear zone is variable from 1 to 20m wide.**

**Table 2: Significant assay intercepts and geology**

Drill Hole	Zone	From (m)	To (m)	Core Length (m)	Grade (Au g/t)	Comments
GK19-016	A Zone	53.8	55.3	1.5	0.26	Shear zone with ser+carb+silica altered mafic volcanic and QFP with qtz+Fe-carb veining.
GK19-017	A Zone	84.5	86.0	1.5	0.70	Shear zone with ser+carb+silica altered and mafic volcanic breccia. Qtz+Fe-carb veining.
GK19-018	FW Area	23.5	26.5	3.0	11.52	Shear zone with ser+carb+silica altered and brecciated mafic volcanic with qtz + Fe-carb veining.
	A Zone	191.5	202.0	10.5	0.50	Shear zone with ser+carb+silica altered QFP and mafic volcanic intruded with qtz + Fe-carb veining.
GK19-019	A Zone	199.0	209.8	10.8	1.49	Shear zone with brecciation and intense carb+ser alteration. Unit has fault gouge, folded qtz + carb veins and pyritic stringers.
GK19-020	A Zone	35.2	36.7	1.5	0.40	Weak shear zone with qtz + Fe-carb veining and ser altered mafic volcanic adjacent to QFP contact.
GK19-021	A Zone	102.0	103.5	1.5	0.14	Shear zone with 85% qtz + Fe-carb veining.
GK19-022	A Zone FW	200.8	202.8	2.0	0.37	Weak shear with ser altered mafic volcanic and qtz + Fe-carb veining.
	A Zone	253.8	258.0	4.2	2.82	Shear zone with brecciation and intense carb+ser alteration of mafic intrusive and QFP. Unit has fault gouge, folded qtz + carb veins and pyritic stringers.
GK19-023	A Zone FW	67.7	69.0	1.3	1.37	Shear zone with ser+carb+silica altered and brecciated mafic volcanic and qtz + Fe-carb veining.
	A Zone	104.5	125.5	21.0	0.58	Shear zone with ser+carb+silica altered and brecciated mafic volcanic and qtz + Fe-carb veining.
	Including	104.5	106.0	1.5	4.36	
GK19-024	A Zone				NSV	Drill hole stopped short of the target.
GK19-025	A Zone FW	74.0	75.5	1.5	11.25	Shear zone with ser+carb+silica altered and brecciated mafic volcanic and qtz + Fe-carb veining.
	A Zone FW	89.5	91.0	1.5	1.21	Weak shear zone with qtz + Fe-carb veining in mafic volcanic.
	A Zone FW	102.2	114.5	12.3	0.36	QFP and brecciated mafic volcanics with qtz + fe carb veining.
	A Zone FW	147.0	148.5	1.5	2.36	Shear zone with ser+carb+silica altered mafic volcanic and qtz + Fe-carb veining.
	A Zone	158.0	163.6	5.6	3.27	Shear zone with ser+carb+silica altered QFP and mafic volcanic and significant qtz + Fe-carb veining.

- Intervals have been presented in core length. The true widths are estimated to be 30% to 60% of the downhole length when hole and dips of the mineralized horizons are considered.
- Intercepts occur within the interpreted extents of the major structures.
- Assay results as presented have not been capped.
- Abbreviations: ser = sericite, fe carb = iron carbonate, qtz = quartz, NSV = no significant values, FW = Footwall

## Financial Discussion

### Consolidated Financial Information

The following is a summary of certain selected financial information, extracted from the Interim Financial Statements.

### Selected Quarterly Information

The following is a summary of the eight most recently completed quarters:

Quarter ended	Income (loss) for the period \$	Income (loss) per share * \$	Total Assets \$
March 31, 2018	(546,980)	(0.02)	6,201,288
June 30, 2018	(316,667)	(0.01)	5,666,682
September 30, 2018	65,316	0.01	5,732,174
December 31, 2018	(260,743)	(0.01)	5,504,450
March 31, 2019	(672,107)	(0.01)	5,989,545
June 30, 2019	(380,274)	(0.01)	5,441,830
September 30, 2019	(204,632)	(0.00)	5,990,561
December 31, 2019	(674,174)	(0.01)	5,518,317

\* Basic and fully diluted

Warrior Gold has incurred losses in seven of the last eight quarters, with the exception of the quarter ended September 30, 2018 when the Company received \$324,512 in proceeds from the sale of rights to royalties from the Company's former 'Tres Marias' Mexican property. This revenue was offset by expenditures of \$259,196 resulting in a net profit of \$65,316. Periods of higher expenditures reflect the increased level of exploration activity conducted in the period. For the periods ended March 31, 2018, and December 31, 2019, higher losses were associated with recognition of share-based compensation of \$276,750 and \$169,575, respectively.

### Results of Operations for the nine months ended December 31, 2019 (the "Reporting Period")

For the Reporting Period, Warrior Gold incurred a net loss of \$1,259,080 compared to \$512,094 for the nine months ended December 31, 2018 (the "Prior Period"). Significant differences in operating expenses for Reporting Period versus the Prior Period, included:

**Exploration Costs** – \$676,000 (2018 - \$337,000) – In the Reporting Period, the Company expended \$157,000 more on the drill program, \$93,000 more for core sampling and assay testing and \$67,000 more on the geology. In the Prior Period, the Company expended more for the identification of drill targets and preparation for the two drill / field programs with \$43,000 more for geotechnical consulting and almost \$114,000 more for fees and expenses for geophysics studies.

**Management Fees and Salaries** - \$216,000 (2018 - \$273,000) – Management Fees and Salaries decreased in the Reporting Period compared to the Prior Period due to the reduction of fees relating to the termination of the Executive Chairman effective November 2018.

**Professional Fees** - \$33,000 (2018 - \$54,000) – Professional fees for audit and legal expense were lower in the Reporting Period primarily due to the timing difference of expense recognition.

**Share-based compensation** - \$170,000 (2018 - \$nil) – Share-based compensation in the Reporting Period relates to options granted to directors, officers and consultants in December 2019. The Company did not grant any options in the Prior Period.

## Changes in Financial Position

Changes in the Company's financial position since March 31, 2019 primarily relate to the use of cash to fund the Company's exploration program and for general and administrative expenses relating to the operations of the Company.

## Liquidity and Capital Resources

At December 31, 2019, Warrior Gold had a working capital of \$330,039 (March 31, 2019 - \$500,050). Additional capital will be required to meet the Company's ongoing corporate costs and to undertake the Company's exploration program planned for 2020.

Warrior Gold has a history of losses and the Company's ability to continue as a going concern is highly dependent on its ability to obtain necessary financing to fund exploration and general and administrative expenses, the discovery of economically recoverable mineral reserves, confirmation of the Company's interest in the underlying mineral claims, and future profitable production or proceeds from the sale of the Property. Warrior Gold has been successful with equity raisings in the past but there is no assurance of its success in the future.

## Outstanding Share Capital

The Company has an unlimited number of common shares authorized. As of the date of this MD&A, the Company has 68,138,957 common shares outstanding, 10,373,712 warrants and 6,221,957 options outstanding.

## Related Party Transactions

The following table outlines all transactions with related parties:

Payee	Related Party	Nature of Transaction	December 31, 2019 \$	December 31, 2018 \$
Carnarvon Capital Corporation	Paul A. Carroll, former Director	Fees	-	80,000
Ruby Gold Exploration Services Inc.	Danièle Spethmann, CEO, Director	Fees	135,000	130,000
Danièle Spethmann	CEO, Director	Share-based compensation	17,100	-
Primary Venture Corporation	Malcolm Burke, Director	Fees	45,000	27,000
Malcolm Burke	Director	Share-based compensation	17,100	-
Koios Corporate Financial Services Ltd.	Salil Dhaumya, CFO	Fees	36,000	36,000
Salil Dhaumya	CFO	Share-based compensation	5,700	-
Gary Nassif	Director	Share-based compensation	17,100	-
Peter Winnell	Director	Share-based compensation	17,100	-

As at December 31, 2019, \$65,000 (March 31, 2019 - \$125,275) is due to the Company's CEO, which is included in accounts payable and accrued liabilities. During the period ended December 31, 2019, the CEO converted \$100,000 of outstanding debt into 1,000,000 units on the same terms as the Offering.

Related-party balances bear no interest and are unsecured. Transactions with related parties are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

## **Financial Instruments and Other Instruments**

### **Fair Value**

The Company's financial instruments include cash, receivables, and accounts payable and accrued liabilities. Fair value amounts disclosed in these condensed consolidated interim financial statements represent the Company's estimate of the price at which a financial instrument could be exchanged in a market in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. These estimates may change in subsequent reporting periods due to market conditions or other factors.

A fair value hierarchy is used to categorize the inputs used to measure fair value. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are as follows:

- Level 1 includes financial assets and liabilities that are measured in whole or in significant part by reference to published quotes in an active market at the measurement date. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.
- Level 2 includes financial assets and liabilities using valuation techniques based on assumptions that are supported by prices from observable current market transactions. The Company has no assets or liabilities in this category.
- Level 3 includes financial assets and liabilities measured using valuation techniques based on nonmarket observable inputs. This means that fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. The Company has no assets or liabilities in this category.

The carrying value of cash, receivables and accounts payable and accrued liabilities approximate their fair value due to the short-term nature and limited credit risk of these assets and liabilities.

### **Financial Instruments Risk Management**

The Company has exposure to credit, liquidity and market risks from its use of financial instruments. This note provides information about the Company's exposure to each of these risks, and the Company's objectives, policies and processes for measuring and managing such risks. The board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

#### *Market Risk*

The Company's profitability and long-term viability will depend, in large part, on the market price of base metals. The market prices for metals can be volatile and are affected by numerous factors beyond the Company's control, including: global or regional consumption patterns; the supply of, and demand for, these metals; speculative activities; the availability and costs of metal substitutes; expectations for inflation; and political and economic conditions, including interest rates and currency values. The Company cannot predict the effect of these factors on metal prices.

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The market price of these minerals and metals may not remain at current levels. In particular, an increase in worldwide supply and consequent downward pressure on prices may result over the longer term from increased base metal production from mines developed or expanded as a result of current metal price levels.

*Foreign Currency Exchange Rate Risk*

The Company is exposed to foreign currency fluctuations as it has cash, receivables and accounts payable and accrued liabilities denominated in US dollars. There are no exchange rate contracts in place. A 10% change in the US dollar will affect profit/loss by approximately \$2,000.

Financial instruments denominated in foreign currencies are:

	As at December 31, 2019	As at March 31, 2019
	US Dollars	US Dollars
Cash	13,669	143,721
Exchange rate - \$1.00 =	.7699	.7483

*Interest Rate Risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk as it does not hold any funds in interest bearing accounts.

*Liquidity Risk*

Liquidity risk is the risk that the Company will encounter difficulty in paying obligations as they come due. The Company's financial liabilities consist of accounts payable and accrued liabilities. Accounts payable consist of invoices payable to trade suppliers for capital expenditures, field operating activities, and general corporate expenses. Substantially, all of the Company's financial liabilities have contractual maturities of less than 90 days and are subject to normal trade terms.

As at December 31, 2019, the Company has a working capital of \$330,039 (March 31, 2019 - \$500,050). Additional capital will be required to meet the Company's ongoing corporate costs and to undertake the Company's exploration program planned for 2020.

*Credit Risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of accounts receivables.

**Adoption of New Accounting Pronouncements**

Effective April 1, 2019, the Company adopted IFRS 16 Leases as described in Note 4 of the Interim Financial Statements. The Company also adopted other policies and standards that had no material impact on the Interim Financial Statements.

### **Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

### **Other Risks**

As a company involved in the exploration of mineral resources, Warrior Gold is exposed to a number of risks, including, but not limited to:

- Warrior Gold has limited cash resources and there can be no assurance that the Company will be able to raise sufficient cash to develop or joint venture its properties;
- Warrior Gold continues to seek complementary joint venture opportunities for its Goodfish-Kirana Project and will require additional financing to fund its plans and any possible transactions;
- Warrior Gold has a history of operating losses and the Company expects to incur significant operating losses for the foreseeable future;
- Warrior Gold's success is dependent on future exploration work results and mineral prices;
- In order to develop its mineral properties, the Company requires experienced senior management, personnel and consultants and is substantially dependent upon the services of a few key individuals for the successful operation of its business; and
- The development of an exploration project is subject to extensive laws and regulations by various government agencies and First Nations engagement that take time and which may make exploration and advanced exploration work more challenging.