ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2018. All currency amounts are stated in U.S. dollars unless noted otherwise.

Current Business Activities

General

During the nine months ended September 30, 2019 and to the date of this Quarterly Report on Form 10-Q, the Company advanced the work plan associated with the approved 2019 budget of $3.7 million. Metallurgical studies are underway at SGS Vancouver in an effort to continue to define and refine the Livengood Gold Project's flowsheet. Approximately 2,000 kg of samples will be processed in 2019 to evaluate optimum grind size and to determine whether different recovery parameters should be applied to different areas of the orebody. The engineering firm of BBA Inc. ("BBA") has been retained to continue to guide the metallurgical program. Work has advanced on the environmental baseline efforts needed to support future permitting.

The Company believes it has sufficient funds to complete the test programs and engineering work currently underway.

On August 8, 2019, the Company granted each of the members of the Board of Directors (other than those directors nominated for election by Paulson & Co., Inc.) 97,647 DSUs with a grant date fair value of C$0.85 per DSU representing C$83,000 per director or C$415,000 in the aggregate. The DSUs entitle the holders to receive common shares of the Company without the payment of any consideration. The DSUs vested immediately upon being granted but the common shares underlying the DSUs are not deliverable to the grantee until the grantee is no longer serving on the Company's Board of Directors.

In accordance with the Company's 2006 Incentive Stock Option Plan, on August 8, 2019 the Company granted a total of 187,232 incentive stock options to employees of the Company to purchase common shares in the capital stock of the Company at an issue price of C$0.85 per share. Of the total 187,232 stock options granted, 150,000 were granted to Mr. Karl Hanneman, Chief Executive Officer. All of the options vest 100% on the grant date of August 8, 2019 and expire on August 8, 2025.

Results of Operations

Summary of Quarterly Results

Description	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
Net loss	$ (858,406)	$ (1,387,054)	$ (820,912)	$ (901,767)
Basic and diluted net loss per common share	$ (0.01)	$ (0.01)	$ (0.00)	$ (0.01)

	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
Net loss	$ (1,269,636)	$ (955,415)	$ (1,065,220)	$ (1,380,921)
Basic and diluted net loss per common share	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)

Three Months Ended September 30, 2019 compared to Three Months Ended September 30, 2018

The Company incurred a net loss of $858,406 for the three month period ended September 30, 2019, compared to a net loss of $1,269,636 for the three month period ended September 30, 2018.

Consulting costs were $353,478 for the three months ended September 30, 2019 compared to $30,679 for the three months ended September 30, 2018. The increase of $322,799 is primarily due to share-based payment charges of $316,717 during the period as a result of the DSUs issued on August 8, 2019 to certain members of the Board of Directors being fully vested upon issuance.

Mineral property expenditures were $179,692 for the three months ended September 30, 2019 compared to $394,736 for the three months ended September 30, 2018. The decrease of $215,044 is primarily due to the differences in the scope of technical and baseline environmental work completed during the periods.

Professional fees were $54,720 for the three months ended September 30, 2019 compared to $33,889 for the three months ended September 30, 2018. The increase of $20,831 is primarily due to timing variance of audit/tax services.

Excluding share-based payment charges of $87,454 and $5,091 for the 2019 and 2018 periods, respectively, wages and benefits for the three months ended September 30, 2019 decreased to $169,825 from $454,516 for the three months ended September 30, 2018. The decrease of $284,691 is due to staffing and compensation reductions.

Share-based payment charges

Share-based payment charges for the three month periods ended September 30, 2019 and 2018 were allocated as follows:

Expense category:	**September 30, 2019**	**September 30, 2018**
Consulting	$ 316,717	$ -
Wages and benefits	87,454	5,091
Total	$ 404,171	$ 5,091

Share-based payment charges were $404,171 during the three months ended September 30, 2019 compared to $5,091 during the three months ended September 30, 2018. The increase of $399,080 in share-based payment charges during the period was mainly the result of the most recent options issued on August 8, 2019 being exercisable upon grant and the DSUs issued on August 8, 2019 being fully vested upon issuance.

Other items amounted to a gain of $134,506 during the three month period ended September 30, 2019 compared to a loss of $201,947 during the three month period ended September 30, 2018. The Company had a foreign exchange gain of $82,426 during the three month period ended September 30, 2019 compared to a loss of $219,327 during the three month period ended September 30, 2018 as a result of the impact of exchange rates on certain of the Company's U.S. dollar cash balances. The average exchange rate during the three month period ended September 30, 2019 was C$1 to US$0.7574 compared to C$1 to US$0.7652 during the three month period ended September 30, 2018.

Nine Months Ended September 30, 2019 compared to Nine Months Ended September 30, 2018

The Company incurred a net loss of $3,066,372 for the nine month period ended September 30, 2019, compared to a net loss of $3,290,271 for the nine month period ended September 30, 2018.

Consulting costs were $440,986 for the nine months ended September 30, 2019 compared to $110,589 for the nine months ended September 30, 2018. The increase of $330,397 is primarily due to share-based payment charges of $316,717 during the period as a result of the DSUs issued on August 8, 2019 to certain members of the Board of Directors being fully vested upon issuance.

Insurance costs were $92,007 for the nine months ended September 30, 2019 compared to $138,526 for the nine months ended September 30, 2018. The decrease of $46,519 resulted after the Company completed a review of current coverage requirements.

Mineral property expenditures were $1,342,230 for the nine months ended September 30, 2019 compared to $1,305,063 for the nine months ended September 30, 2018. The increase of $37,167 is primarily due to the differences in the scope of technical work completed during the periods.

Travel costs were $25,359 for the nine months ended September 30, 2019 compared to $49,011 for the nine months ended September 30, 2018. The decrease of $23,652 is due to the Company's continued efforts to reduce spending.

Excluding share-based payment charges of $89,140 and $178,388 for the 2019 and 2018 periods, respectively, wages and benefits for the nine months ended September 30, 2019 decreased $658,662 to $500,667 from $1,159,329 for the nine months ended September 30, 2018 primarily due to staffing and compensation reductions.

Share-based payment charges

Share-based payment charges for the nine month periods ended September 30, 2019 and 2018 were allocated as follows:

Expense category:	September 30, 2019	September 30, 2018
Consulting	$ 316,717	$ -
Investor relations	-	5,968
Wages and benefits	89,140	178,388
	$ 405,857	$ 184,356

Share-based payment charges were $405,857 during the nine months ended September 30, 2019 compared to $184,356 during the nine months ended September 30, 2018. The increase of $221,501 in share-based payment charges during the period was mainly the result of the most recent options issued on August 8, 2019 being exercisable upon grant and the DSUs issued on August 8, 2019 being fully vested upon issuance.

Other items amounted to a loss of $123,776 during the nine month period ended September 30, 2019 compared to a gain of $107,546 during the nine month period ended September 30, 2018. The Company had a foreign exchange loss of $280,820 during the nine month period ended September 30, 2019 compared to a loss of $7,048 during the nine month period ended September 30, 2018 as a result of the impact of exchange rates on certain of the Company's U.S. dollar cash balances. The average exchange rate during the nine month period ended September 30, 2019 was C$1 to US$0.7524 compared to C$1 to US$0.7769 for the nine month period ended September 30, 2018.

Liquidity Risk and Capital Resources

The Company has no revenue generating operations from which it can internally generate funds. To date, the Company's ongoing operations have been predominantly financed through sale of its equity securities by way of private placements and the subsequent exercise of share purchase and broker warrants and options issued in connection with such private placements. However, the exercise of warrants/options is dependent primarily on the market price and overall market liquidity of the Company's securities at or near the expiry date of such warrants/options (over which the Company has no control) and therefore there can be no guarantee that any existing warrants/options will be exercised. There are currently no warrants outstanding.

As at September 30, 2019, the Company had cash and cash equivalents of $7,528,833 compared to $10,228,964 at December 31, 2018. The decrease of approximately $2.7 million resulted mainly from expenditures on operating activity of approximately $2.5 million and a negative foreign currency transaction impact of approximately $0.3 million partially offset by interest income of $0.1 million.

Financing activities during the nine month period ended September 30, 2019 included the exercise of stock options. Proceeds of $64,254 were received on the issuance of 121,174 common shares.

Financing activities during the nine month period ended September 30, 2018 included completion of a non-brokered private placement in March 2018 pursuant to which the Company issued 24,000,000 common shares at $0.50 per share for gross proceeds of $12.0 million. Share issuance costs included $111,379 related to the private placement. Following the resignation of director Mark Hamilton on November 6, 2017, the Company recognized an obligation to issue 129,687 common shares, with a value of $63,593. On March 27, 2018, the Company issued the common shares in full satisfaction of the obligation. As a result of the exercise of stock options, $114,358 in proceeds was received on the issuance of 294,000 common shares during the nine month period ended September 30, 2018.

Investing activities of $101,692 during the nine month period ended September 30, 2019 was comprised of the capitalized acquisition costs for land acquisitions of $31,189 that closed in the second quarter and $70,503 that closed in the third quarter.

Investing activities during the nine month period ended September 30, 2018 was comprised of the capitalized acquisition costs for land acquisitions of $69,391 that closed in the third quarter and proceeds of $14,431 from the sale of marketable securities.

As at September 30, 2019, the Company had working capital of $7,453,912 compared to working capital of $9,884,979 at December 31, 2018. The Company expects that it will operate at a loss for the foreseeable future, but believes the current cash and cash equivalents will be sufficient for it to complete its anticipated 2019 work plan at the Livengood Gold Project and satisfy its currently anticipated general and administrative costs through the 2020 fiscal year.

The Company will require significant additional financing to continue its operations (including general and administrative expenses) in connection with advancing activities at the Livengood Gold Project and the development of any mine that may be determined to be built at the Livengood Gold Project, and there is no assurance that the Company will be able to obtain the additional financing required on acceptable terms, if at all. In addition, any significant delays in the issuance of required permits for the ongoing work at the Livengood Gold Project, or unexpected results in connection with the ongoing work, could result in the Company being required to raise additional funds to advance permitting efforts. The Company's review of its financing options includes pursuing a future strategic alliance to assist in further development, permitting and future construction costs, although there can be no assurance that any such strategic alliance will, in fact, be realized.

Despite the Company's success to date in raising significant equity financing to fund its operations, there is significant uncertainty that the Company will be able to secure any additional financing in the current or future equity markets. See "Risk Factors – *We will require additional financing to fund exploration and, if warranted, development and production. Failure to obtain additional financing could have a material adverse effect on our financial condition and results of operation and could cast uncertainty on our ability to continue as a going concern*" included in Part I, Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2018.

Other than cash held by its subsidiaries for their immediate operating needs in the United States, all of the Company's cash reserves are on deposit with a major Canadian chartered bank. The Company does not believe that the credit, liquidity or market risks with respect thereto have increased as a result of the current market conditions.

Contractual Obligations and Commitments

The following table discloses the Company's contractual obligations as of September 30, 2019, including anticipated mineral property payments and work commitments. Under the terms of the Company's mineral property purchase agreements, mineral leases and the terms of the unpatented mineral claims held by it, the Company is required to make certain scheduled acquisition payments, incur certain levels of expenditures, make lease or advance royalty payments, make payments to government authorities and incur assessment work expenditures as summarized in the table below in order to maintain and preserve the Company's interests in the related mineral properties. If the Company is unable or unwilling to make any such payments or incur any such expenditure, it is likely that the Company would lose or forfeit its rights to acquire or hold the related mineral properties. The following table assumes that the Company retains the rights to all of its current mineral properties, but does not exercise any lease purchase or royalty buyout options:

	Payments Due by Year						
	2019	2020	2021	2022	2023	2024 and beyond	Total
Mineral Property Leases[1]	$ -	$ 428,951	$ 434,185	$ 439,498	$ 444,890	$ 450,363	$ 2,197,887
Mining Claim Government Fees	-	132,460	132,460	132,460	132,460	132,460	662,300
Total	$ -	$ 561,411	$ 566,645	$ 571,958	$ 577,350	$ 582,823	$ 2,860,187

(1) Does not include required work expenditures, as it is assumed that the required expenditure level is significantly below the level of work that will actually be carried out by the Company. Does not include potential royalties that may be payable (other than annual minimum royalty payments).

Off-Balance Sheet Arrangements

The Company does not have any off balance sheet arrangements.

Environmental Regulations

The operations of the Company may in the future be affected from time to time in varying degrees by changes in environmental regulations, including those for future removal and site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company vary greatly and are not predictable. The Company's policy is to meet or, if possible, surpass standards set by relevant legislation by application of technically proven and economically feasible measures.

Certain U.S. Federal Income Tax Considerations for U.S. Holders

The Company has been a "passive foreign investment company" ("PFIC") for U.S. federal income tax purposes in recent years and expects to continue to be a PFIC in the future. Current and prospective U.S. shareholders should consult their tax advisors as to the tax consequences of PFIC classification and the U.S. federal tax treatment of PFICs. Additional information on this matter is included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018, under “Part II. Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities - Certain U.S. Federal Income Tax Considerations for U.S. Holders.”

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

As of September 30, 2019, an evaluation was carried out under the supervision of and with the participation of the Company's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act). Based on the evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that, as of September 30, 2019, the Company's disclosure controls and procedures were effective in ensuring that information required to be disclosed in reports filed or submitted to the SEC under the Exchange Act: (i) is recorded, processed, summarized and reported within the time periods specified in applicable rules and forms and (ii) accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, in a manner that allows for timely decisions regarding required disclosures.

The effectiveness of our or any system of disclosure controls and procedures, however well designed and operated, can provide only reasonable assurance that the objectives of the system will be met and is subject to certain limitations, including the exercise of judgement in designing, implementing and evaluating controls and procedures and the assumptions used in identifying the likelihood of future events.

Changes in Internal Control over Financial Reporting

There were no changes in internal control over financial reporting during the quarter ended September 30, 2019 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.