

OUTCROP GOLD CORP.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE NINE MONTHS ENDED MAY 31, 2020

The following is management's discussion and analysis of the results of operations and financial conditions ("MD&A") of Outcrop Gold Corp. (the "Company", or "Outcrop") and should be read in conjunction with the accompanying unaudited condensed consolidated interim financial statements and related notes thereto for the nine months ended May 31, 2020 (the "Financial Report"), and with the audited financial statements for the years ended August 2019, 2018, and 2017, all of which are available on the SEDAR website at www.sedar.com.

The financial information in this MD&A is derived from the Financial Report prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB"). All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

Additional information relating to the Company is available on SEDAR at www.sedar.com.

The MD&A contains information to July 30, 2020.

Overall Performance

Description of Business and Overview of Projects

Outcrop is an exploration company active in Colombia with an emphasis on generating gold exploration projects with world-class discovery potential. Outcrop performs its own grass-roots exploration and then employs a joint venture business model on its projects to maximize exposure to discovery while preserving its treasury.

The highlights of the Company's activities in the nine months ended May 31, 2020, and up to the date of this MD&A include:

- a) On July 20, 2020, the Company completed the acquisition of 17,000 hectares expanding the Santa Ana Project for consideration of US\$250,000 and 1,000,000 common shares of the Company, with subsequent payments of US\$1,000,000 payable in common shares of Outcrop contingent upon future permitting milestones and a 2% NSR royalty. Outcrop has a cash purchase option to buy at any time the 1% of NSR royalty for US\$500,000,
- b) The Company issued a total of 4,439,430 common shares during June and July 2020 following the exercise of share purchase warrants, for gross proceeds of \$1,084,226.
- c) On June 17, 2020, the Company closed a private placement consisting of 20,535,715 units at a price of \$0.28 per unit for gross proceeds of \$5,750,000. Each unit consists of one common share and one half share purchase warrant. Each full share purchase warrant exercisable into a common share at a price of \$0.42 per share for a period of two years. A total of 345,000 units were issued as finders' fees in connection with the placement; cash costs of \$163,262 were paid in relation to the private placement.
- d) On January 24, 2020, the Company completed the acquisition of the Santa Ana Project in Tolima, Colombia. Consideration of 24,000,000 common shares of Outcrop were issued for all of the issued and outstanding shares of Malew Overseas S.A. ("Malew"). Malew's wholly owned subsidiary, Lost City S.A.S., owns the Santa Ana Project.

Transaction costs associated with the transaction included a finders' fee of 350,000 common shares at a value of \$0.11 per share, and other costs of \$143,517. The acquisition was accounted for as an asset acquisition with the net purchase price paid being allocated to the assets acquired and liabilities assumed as follows:

Cash and cash equivalents	\$	161
Accounts payable and accrued liabilities		(32,530)
Mineral properties (Santa Ana)		2,822,017
	\$	<u>2,789,648</u>

- e) The Company completed several private placements at a price of \$0.10 per unit. Each unit consists of one common share and one share purchase warrant, each warrant exercisable into a common share at a price of \$0.20 per share for a period of five years. The details of the private placements are as follows:
- i. Completed on January 6, 2020, 11,120,000 units for gross proceeds of \$1,112,000. A total of \$6,030 was paid in finders' fees, and 48,300 broker warrants, entitling the holder to acquire one common share at a price of \$0.20 per share until November 7, 2024, were also issued in connection with the placement.
 - ii. Completed on February 6, 2020, 4,480,000 units for gross proceeds of \$448,000. A total of \$6,900 was paid in finders' fees.
 - iii. Completed on February 26, 2020, 10,000,000 units for gross proceeds of \$1,000,000. A total of 600,000 units were issued as a finder's fee in connection with the placement.
- f) On November 14, 2019, the Company announced that it had placed the Cauca project on standby while looking for a financing partner in order that the treasury can be utilized to advance the Santa Ana Project.

Colombia Update

Santa Ana Project

On January 24, 2020, the Company acquired 100% of the Santa Ana Project. Santa Ana is a 7,783 hectare property located in the Municipality of Falan, Tolima Department, Colombia, approximately 15 km southeast of the town of Mariquita and 190 km from Bogota, Colombia's capital city. The Santa Ana Project covers a significant part of the Mariquita District, the highest-grade primary silver district in Colombia, where mining records date back to at least 1585. Under colonial Spanish era control of the mines, silver grades were reported to be among the highest in Latin America with the fourteen mines of Santa Ana producing average smelter returns of 4,300 g Ag/t from veins averaging 1.4 m wide.

Historic mining depths support a geologic and exploration model for a composite mesothermal and epithermal vein system having mineralization that likely extends to great depth. At Santa Ana it is unlikely that there is sharp elevation restriction common to high-grade zones in many epithermal systems with no mesozonal component.

At least seven principle vein zones are recognized on the project that cumulatively provide 14 km of strike length: La Ivana (including the La Porfia, La Manta, and Guanabana veins), Santa Ana (Royal Mines), El Dorado, Palomo, Murillo, Culebra, and Megapozo. The zones commonly each contain multiple parallel veins. The veins can show both high-grade gold and high-grade silver mineralization. Silver-gold ratios are variable, probably related to local prevalent styles of gold mineralization as free gold, sulfide-associated gold, and possible silver-gold alloys. Higher grade gold-silver intercepts commonly show from 1.1% to 3.8% zinc associated with sphalerite.

During the Santa Ana due diligence drilling, the Company intercepted significant mineralization and discovered a new high-grade gold and silver vein system, La Ivana, within the Santa Ana Project. The La Ivana vein system includes the La Porfia, La Manta, and Guanabana veins. In the La Porfia vein, the average downhole intercept length is 0.58 m with weighted average grades of 18.9 g Au/t and 2,122 g Ag/t, for a weighted average gold equivalent of 58.7 g Eq Au/t and a weighted average silver equivalent grade of 5,154 g Eq Ag/t.

On July 20, 2020, the Company acquired an additional 17,000 hectares expanding the Santa Ana Project along trend and consolidating multiple regional scale, parallel silver-gold belts in the Mariquita District, Colombia.

Within the area of new acquisition, nineteen samples from historic workings by the Servicio Geologico Colombiano range from 48 to 2,576 g Ag/t and 0.4 to 272 g Au/t to average 449 g Ag/t and 43.8 g Au/t. Reconnaissance prospecting has demonstrated the prevalence of high-grade parallel vein systems across a trend 12 km wide by more than 30 km in length.

The new applications contain over 38 reported historic mines – many with high-grade silver and gold assays. The workings are dense and consistently aligned in multiple clusters, each over 2 to 4 km. The northeast trending belts are first order structural zones – the associated veins occupy north-northeast and west-northwest second order dilation zones. The veins may be both low and high angle depending on local controls. Along with the Santa Ana mines, other well-known historic mines occur either on the acquired ground (Frias mine) or immediately adjacent on continuous northeast trends (El Porvenir mine).

Anatares Project

Outcrop Gold acquired the Anatares Project in 2015 as a result of a grass-roots exploration program using the Gramalote deposit as an exploration model. Anatares displays numerous large, historic hydraulically mined excavation of bulk mineralized weathered granite. These excavations align within a structural zone and can be hundreds of meters wide. The excavations provide a clear indicator of possible bulk mineralized granite similar to that seen on the Gramalote Project 30 km to the northeast of Anatares. Outcrop Gold made four applications on its own and then subsequently signed a Lease Agreement with Activos Mineros de Colombia S.A.S. to acquire six additional applications contiguous to Outcrop's applications. The combined project area covers 10,500 hectares.

In 2017 and 2018, joint venture partner IAMGOLD conducted surface exploration work on the project. Their work produced a large and significant gold in soils anomaly that provides a drill-ready target. Importantly, in early 2018, AngloGold Ashanti Limited ("AngloGold"; NYSE: AU) received all operating permits for the Gramalote open pit mine. Anatares has less environmental and social sensitivities than Gramalote.

Argelia Project

The Argelia Project are mining applications that provide a target for multiple intermediate sulfidation epithermal veins within a structural corridor that extends at least 2.5 km and has a width of 2.5 km. At least three distinct veins are inferred but working suggests more veins remain to be identified. The veins typically range from 0.25 to 2 m in width. Reconnaissance samples range from 0.51 g Au/t to 40 g Au/t. Silver to gold ratio is approximately 5 to 1 or higher.

Public records show that a private British mining company mined and produced gold on the project prior to 1950. The workings presumed to represent this activity have two levels spaced approximately 100 m apart in elevation.

Cauca Project

The Cauca Project is an advanced gold-silver-copper project in the Miocene-age mineral belt of southern Colombia. The Cauca Project is in the Cauca department, 47 km south of the department capital Popayan in the Almaguer Mining District, and consists of one title and one application for a total land area of 1,808 hectares. The Miocene Mineral Belt containing Cauca extends from Colombia into Ecuador and is characterized by numerous well-known districts and discoveries including Solgold's Cascabel Project, less than 40 km from the Colombia border. Cauca is within one of the least explored terrains in Colombia.

Of particular interest to Outcrop in the La Custodia deposit are local intercepts containing epithermal mineralization that range from 2 m at 28.4 g Au/t (and 2 g Ag/t) up to 2 m at 1,095 g Au/t (and 257 g Ag/t) superposed on lower-grade porphyry-style veinlets. Outcrop has determined that core intercepts over 1 g Au/t consistently show high-angle epithermal veins sub-parallel to core, cross-cutting porphyry-style

veins. It is likely that numerous untested veins or vein extensions occur between the current drill-holes that are spaced at an average of 100 m to 200 m.

Outcrop has done a significant amount of relogging of core to inventory all epithermal intercepts in the La Custodia zone. These intercepts were used to identify and project epithermal veins within a 3D Vulcan model. At least nine “high-confidence” veins were identified using 27 drill intercepts. Some of these veins extend over 1 km strike and 400 m depth. It is apparent by inspection that vein density correlates with the density of drill holes oriented to intercept north-south veins, and more veins will be defined in the porphyry with more angled drill holes across the strike of the veins. Analysis suggests the average true width of veins are approximately 0.8 m.

The Company has placed the project on standby after it completed the 2019 exploration work. The Company anticipates continuing with its expenditure requirements once the property vendor has completed its obligation with transferring the property into Poliandes in accordance with the option agreement.

Middle Cauca Belt: Kuntur Project

The Kuntur Project totals 47,664 hectares and directly adjoins the Quebradona District on the northwest and southeast. Kuntur shows the prevalent north and west-northwest fault framework that the copper-gold footprint of AngloGold’s Quebradona (Nuevo Chaquiro) District coincides with, on a deposit scale. Both AngloGold’s Quebradona District and Outcrop’s Kuntur Project occur where strong northwest fault systems span the distance between the major north-south Mistrato and Romeral Fault Systems, the regional faults that bound this part of the Middle Cauca Mineral Belt. Outcrop will soon begin reconnaissance prospecting and stream sediment sampling on Kuntur.

Middle Cauca Belt: Lyra Project

The Lyra Project comprises 52,482 hectares and directly adjoins Continental Gold Inc.’s (“Continental”; TSX: CNL) Buritica project, covering more than 25 km of the Tonusco Fault that extends south from the Buritica vein system. Data compiled by the Instituto Colombiano de Geología y Minería (“Ingeominas”) shows 50 of 61 samples on Lyra are non-detectable to 0.3 g Au/t, while 11 samples are greater than 0.3 g Au/t with six of those samples greater than 10 g Au/t. Those higher-grade samples likely reflect sampled veins, but detailed data was not provided by Ingeominas. Current Outcrop reconnaissance shows five areas on Lyra where mapped colluvium indicates the presence of porphyritic intrusives. The Ingeominas samples are historic and have not been confirmed by Outcrop, but are considered reliable and may indicate anomalous areas and the location of possible veins.

In August 2018, Outcrop announced a partnership with Newmont Mining Corporation (“Newmont”) to explore the Lyra Project. Outcrop will operate a prospecting program funded by Newmont on Lyra totalling an obligated US\$600,000 over 18 months or less unless the applications are converted to concession contracts before the end of 18 months. Conversion of all applications to concession contracts will trigger a decision by Newmont as to whether they want to earn into the Project although Newmont may elect to terminate the Agreement at any time.

Upon successful conversion of the Lyra applications to concession contracts, and an election to earn into the Project, Newmont shall incur a minimum of US\$3,000,000 in qualifying expenditures over the course of the subsequent four years to earn-in and vest into 51% of the Lyra Project (the “Initial Earn-In”).

Upon successful completion of the Initial Earn-In, Newmont and Outcrop shall form a joint venture mining company whereby Newmont shall have an initial 51% interest and Outcrop shall have a 49% interest. Newmont shall then have the right to earn an additional 19% interest, for an aggregate 70% interest in the joint venture, by funding an additional US\$7,000,000 in qualifying expenditures over the course of the subsequent four years (the “Second Earn-In”). Compilations by Outcrop and Newmont show that significant stream sediment gold anomalies occur through the length of the Lyra Project and some local artisan mining of veins has been reported. Newmont has suspended work and asked Outcrop Gold to suspend field work until such time as security concerns are resolved to the satisfaction of Newmont.

In Q2 2020, Newmont terminated the agreement and withdrew from the project.

Middle Cauca Belt: Oribella Project

The original Oribella Project comprised approximately 10,700 hectares, including one application on which the technical study is complete and the canon is paid.

Oribella has been expanded contiguously to where the project now adjoins Orosur Mining Inc.'s ("Orosur"; TSX/AIM: OMI) Anza Project, which contains the APTA vein deposit and the Charrascala porphyry-epithermal anomalies. Oribella was expanded to the northwest where it is now within 3 km of AngloGold's Nuevo Guintar Project where epithermal mineralization is reported in two drill-holes (source: AngloGold Q3-2017, "Exploration Update").

Mallama Project

The Mallama Project is part of a large district that contains more than 30 mapped intermediate sulfidation epithermal veins with strike lengths of over four kilometers. In 1984, the Japanese International Cooperation Agency ("JICA") mapped, sampled, and drilled a portion of the larger vein system, of which the Mallama Project covers a part. The El Diamante Mine is just north of Outcrop's Mallama Project and has been active for more than 30 years. The gold at El Diamante, in particular, is associated with pyrite and quartz and secondarily with arsenopyrite, sphalerite, and galena.

Historic sampling presented by the owners of the titles on the Mallama Project shows vein grades ranging from 33 g Au/t to 87 g Au/t with silver occurring on an average ratio of 10 to 1 silver to gold. Limited confirmation sampling assays by Outcrop geologists shows 42 g Au/t over 0.5 m in an active artisan mine that displays numerous parallel veins.

Preliminary work by Outcrop shows significant mineralization in the Bombona Zone where systematic sampling in an area of sublevel production shows 15 samples with a weighted average grade of 23.2 g Au/t and 182.3 g Ag/t over an average of 0.69 m vein width. Soil sampling conducted by JICA shows that the Bombona Zone correlates well with gold anomalies in soils, and eight or more parallel veins can be inferred adjacent the Bombona vein. Aligned artisanal workings suggest the Bombona Zone extends for up to 4 km in length. Outcrop has done sufficient underground sampling in the Bombona Zone within Mallama to indicate artisan mines are producing at in-situ grades of 22 g Au/t with silver at an approximate 4 to 1 ratio. The Bombona Zone consists of a package of seven or more parallel veins of approximately one meter width, and local informal miners have workings on at least three veins.

Outcrop has initiated a Consulta Previa, an administrative requirement, to consult with indigenous peoples with traditional households on mining concessions, including those that make up Mallama. A portion of the project must also be subtracted from the forestry reserve.

Alaska, U.S.A.

Royalty

On September 14, 2015, the Company reached an agreement with Mr. Daniel Renshaw ("Renshaw") for the purchase of his 3.3% royalty held on the west side of the Willow Creek, Alaska project which covers the area that is expected to be initially developed, including the Coleman resource. The Royalty covers a series of seven (7) contracts with each subsequent contract contingent on the prior contract being paid in full. Pursuant to each contract, Outcrop will purchase 0.4% to 0.5% of the royalty for each cumulative US\$143,000 paid at the rate of US\$5,000 per month plus interest, with the first payment commencing on October 31, 2015.

As each contract is paid, Outcrop will register its ownership of the Royalty purchased. If Outcrop does not complete payment of any contract, the remainder of the Royalty will remain with Renshaw.

In March 2020, the Company terminated all future earn-in payments. As at May 31, 2020, the Company has paid \$503,085, including interest (August 31, 2019 - \$425,635) and earned a 0.4% royalty, which will be retained and has been capitalized.

Qualified Person

The data disclosed in this MD&A has been reviewed and verified by Joseph Hebert, B.S.Geo. C.P.G., a Qualified Person as defined by National Instrument 43-101.

Results of Operations

For the three and nine months ended May 31, 2020 and 2019.

For the three months ended May 31, 2020, the Company incurred a loss of \$962,412 (2019 – \$1,023,885) and a comprehensive loss of \$941,062 (2019 – \$1,005,921). Expenses for the three months ending May 31, 2020 were \$960,508 (2019 – \$1,023,903).

For the nine months ended May 31, 2020, the Company incurred a loss of \$2,358,116 (2019 – \$2,259,473) and a comprehensive loss of \$2,236,895 (2019 – \$2,232,238). Expenses for the nine months ending May 31, 2020 were \$2,354,322 (2019 – \$2,254,905).

Significant or noteworthy expenditure differences between the periods include:

	Three months ended		Nine months ended	
	May 31, 2020	May 31, 2019	May 31, 2020	May 31, 2019
Loss for the period	(962,412)	(1,023,885)	(2,358,116)	(2,259,473)
Comprehensive loss for the period	\$ (941,062)	\$ (1,005,921)	\$ (2,236,895)	\$ (2,232,238)
Exploration and evaluation	406,848	555,109	1,079,119	1,150,734
			<i>Decrease due to reduction in work sites during the current year and the impact of COVID19.</i>	
Professional fees	15,858	25,889	120,426	49,480
			<i>Increase due primarily to increased legal and accounting fees during Q1 and Q2 of the current year.</i>	
Stock-based compensation	243,981	-	454,189	-
			<i>Increase due to stock option grants during Q2 and Q3 2020.</i>	
Travel and promotion	27,489	231,590	99,926	339,084
			<i>Travel and promotion reduced due to head office cost cutting initiatives.</i>	
Wages and benefits	56,732	24,281	161,355	78,594
			<i>Increase is due to decreased salary allocations to Colombia exploration programs from head office for exploration management.</i>	

Summary of Quarterly Results

The following is a summary of the Company's financial results for the eight most recently completed quarters:

	May 31, 2020 \$	Feb. 29, 2020 \$	Nov. 30, 2019 \$	Aug. 31, 2019 \$	May 31, 2019 \$	Feb. 28, 2019 \$	Nov. 30, 2018 \$	Aug. 31, 2018 \$
Revenue	nil	nil	nil	nil	nil	nil	nil	nil
Net loss for the period	(962,412)	(896,737)	(498,967)	(486,474)	(1,023,885)	(809,270)	(426,318)	(386,743)
Basic and diluted loss per share	(0.01)	(0.01)	(0.02)	(0.02)	(0.02)	(0.05)	(0.03)	(0.02)

Outcrop is a mineral exploration company. At this time, any issues of seasonality or market fluctuations have no material impact. Currently, Outcrop defers its mineral property acquisition costs and expenses both its exploration and project investigation, and its general and administration costs, which are included in the net loss for each quarter. The Company's treasury, in part, determines the level of exploration undertaken.

Liquidity and Capital Resources

The Company's primary source of funds since incorporation has been through the issues of its common stock and the exercise of common stock options and common stock share purchase warrants.

The Company applies the option to joint venture business model to its operations. Through generative exploration it stakes claims on mineral properties or acquires the property by way of an option to lease agreement. It then seeks joint venture partners to the options on its projects in order to have those partners fund the exploration of the project to earn an interest. In some cases, the Company receives common stock and/or cash option payments as a portion of the partner's cost to earn an interest.

The Company records management fees earned for acting as a service contractor to certain exploration funding partners as an offset to expenses. Mineral property option proceeds from properties where all acquisition costs have been recovered further reduce expenses. The Company does not anticipate mining revenues from the sale of mineral production in the near future. The operations of the Company consist of the exploration and evaluation of mining properties and, as such, the Company's financial success will be dependent on the extent to which it can discover new mineral deposits. The Company anticipates seeking additional equity investment from time to time to fund its activities that cannot be funded through other means.

During the nine months ended May 31, 2020, the Company completed several private placements of 25,600,000 units at a price of \$0.10 per unit for gross proceeds of \$2,560,000. Each unit consists of one common share and one share purchase warrant, each warrant exercisable into a common share at a price of \$0.20 per share for a period of five years.

During the nine months ended May 31, 2020, the Company returned 1,204,583 common shares and common share warrants to treasury related to the previous private placements.

At the date of this MD&A, the Company has 104,577,633 common shares, 6,895,000 stock options (3,465,000 of which are exercisable), and 53,108,535 share purchase warrants outstanding. Additional cash would be raised if stock option holders and share purchase warrant holders chose to exercise these instruments.

The Company began the 2020 fiscal year with cash of \$185,222. In the nine months ended May 31, 2020, the Company expended \$2,230,811 on operating activities; expended \$204,623 on investing activities; received share subscriptions net of share issuance costs of \$2,533,901; experienced a \$2,398 positive effect of foreign exchange on cash, and ended on May 31, 2020 with \$286,087 in cash.

	Nine months ended	
	May 31, 2020	May 31, 2019
Cash used in operating activities	\$ (2,230,811)	\$ (2,086,173)
Cash used in investing activities	\$ (204,623)	\$ (24,932)
Cash provided by financing activities	\$ 2,533,901	\$ 2,882,170
Effect of foreign exchange on cash	\$ 2,398	\$ 49,764
Change in cash during the period	\$ 98,467	\$ 820,829

Transactions with Related Parties

The Company's related parties consist of companies with directors and officers in common and companies owned in whole or in part by executive officers and directors as follows. Services provided by related parties include consulting as Chairman, CFO, VP Exploration, Corporate Secretary, and corporate compliance services and reporting.

The Company incurred the following fees in connection with companies owned or partially owned by key management (Chairman, CFO, Corporate Secretary) and/or directors.

	May 31, 2020	May 31, 2019
Amounts payable to related parties	\$ 3,750	\$ 24,642
Total	\$ 3,750	\$ 24,642

All amounts are unsecured, with no specific terms of repayment.

Compensation of directors and members of key management personnel:

The remuneration of directors and key management personnel during the nine months ended May 31, 2020 and 2019 were as follows:

For the nine months ended	May 31, 2020	May 31, 2019
Consulting fees	\$ 151,642	\$ 60,370
Wages and benefits ⁽¹⁾	-	198,292
Directors fees	-	42,832
Total	\$ 151,642	\$ 301,494

(1) a portion of the 2019 wages and benefits were included in exploration and evaluation expenditures

Forward-Looking Statements

This MD&A contains forward-looking statements that are based on the Company's current expectations and estimates. Forward-looking statements are frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "suggest", "indicate" and other similar words or statements that certain events or conditions "may" or "will" occur. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause actual events or results to differ materially from estimated or anticipated events or results implied or expressed in such forward-looking statements. Such factors include, among others: the actual results of current exploration activities; conclusions of economic evaluations; changes in project parameters as plans to continue to be refined; possible variations in ore grade or recovery rates; accidents, labor disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing; and fluctuations in metal prices. There may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.

This MD&A may contain information about adjacent properties on which we have no right to explore or mine. We advise U.S. investors that the SEC's mining guidelines strictly prohibit information of this type in documents filed with the SEC. U.S. investors are cautioned that mineral deposits on adjacent properties are not indicative of mineral deposits on our properties.

Risks and Uncertainties

The Company is in the business of acquiring, exploring and developing mineral properties. It is exposed to a number of risks and uncertainties that are common to other mineral exploration companies in the same business. The industry is capital intensive at all stages and is subject to variations in commodity prices, market sentiment, exchange rates for currency, inflation and other risks. The Company currently has no source of revenue other than interest income. The Company will rely mainly on equity financing to fund acquisitions and its other activities. The risks and uncertainties described in this section are considered by management to be the most important in the context of the Company's business. The risks and uncertainties below are not inclusive of all the risks and uncertainties the Company may be subject to and other risks may exist.

Foreign Country Risk

The Company's principal mineral properties are located in rural Colombia. Over the past 20 years, the Government of Colombia has made strides in improving the social, political, economic, legal and fiscal regimes. However, operations in Colombia are still subject to risk due to the potential for social, political, economic, legal and fiscal instability. The government in Colombia faces ongoing problems including, but not limited to, unemployment and inequitable income distribution and unstable neighboring countries. The instability in neighboring countries could result in, but not limited to, an influx of immigrants which could result in a humanitarian crisis and/or increased illegal activities. Colombia is also home to a number of insurgency groups and parts of the countryside are under guerrilla influence. In addition, Colombia experiences narcotics-related violence, kidnapping, extortion and thefts and civil unrest in certain areas of the country. Such instability may require the Company to suspend operations on its properties.

Although the Company is not presently aware of any circumstances or facts which may cause the following to occur, other risks may involve matters arising out of the evolving laws and policies in Colombia, any future imposition of special taxes or similar charges, as well as foreign exchange fluctuations and currency convertibility and controls, the unenforceability of contractual rights or the taking or nationalization of property without fair compensation, restrictions on the use of expatriates in the Company's operations, renegotiation or nullification of existing concessions, licenses, permits and contracts, illegal mining, changes in taxation policies, or other matters.

Foreign Operations

The Company's key asset, the Santa Ana Project, and operations are located in Colombia. Colombia's legal and regulatory requirements in connection with companies conducting mineral exploration activities, banking system and controls as well as local business culture and practices are different from those in Canada. The officers and directors of the Company must rely, to a great extent, on the Company's Colombian legal counsel and local consultants retained by the Company in order to keep abreast of material legal, regulatory and governmental developments as they pertain to and affect the Company's business operations, and to assist the Company with its governmental relations. The Company must rely, to some extent, on the members of management and the Board who have previous experience working and conducting business in Colombia to enhance its understanding of and appreciation for the local business culture and practices in Colombia. The Company also relies on the advice of local experts and professionals in connection with current and new regulations that develop in respect of banking, financing and tax matters in Colombia. Any developments or changes in such legal, regulatory or governmental requirements or in local business practices in Colombia are beyond the control of the Company and may adversely affect its business.

Due to its location in Colombia, the Santa Ana Project depends in part upon the performance of the Colombian economy. As a result, the Company's business, financial position and results of operations may be affected by the general conditions of the Colombian economy, price instabilities, currency fluctuations, inflation, interest rates, regulatory changes, taxation changes, social instabilities, political unrest and other developments in or affecting Colombia over which the Company does not have control. Because international investors' reactions to the events occurring in one emerging market country sometimes appear to demonstrate a "contagion" effect in which an entire region or class of investment is disfavoured by international investors, Colombia could also be adversely affected by negative economic or financial developments in other emerging market countries.

Differing Interpretations in Tax Regimes in Foreign Jurisdictions

Tax regimes in foreign jurisdictions may be subject to sudden changes. The Company's interpretation of taxation law where it operates and as applied to its transactions and activities may be different than that of applicable tax authorities. As a result, tax treatment of certain operations, actions or transactions may be challenged and reassessed by applicable tax authorities, which could result in adverse tax consequences for the Company, including additional taxes, penalties or interest.

Tax Matters

The Company is subject to income taxes and other taxes in a variety of jurisdictions and the Company's tax structure is subject to review by both Canadian and foreign taxation authorities. The Company's taxes are affected by a number of factors, some of which are outside of its control, including the application and interpretation of the relevant tax laws and treaties. If the Company's filing position were to be challenged for whatever reason, this could have a material adverse effect on the Company's business, results of operations and financial condition.

Conflicts of Interest

Certain directors and officers of the Company are also directors, officers and/or shareholders of other companies that are similarly engaged in the business of natural resource exploration, development and production. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company.

Foreign Subsidiaries

The Company conducts certain of its operations through foreign subsidiaries and some of its assets are held in such entities. Any limitation on the transfer of cash or other assets between the Company and such entities, or among such entities, could restrict the Company's ability to fund its operations efficiently.

Any such limitations, or the perception that such limitations may exist now or in the future, could have an adverse impact on the Company's valuation and stock price.

Government Regulation

The Company's mineral exploration activities in Colombia may be adversely affected in varying degrees by changing government regulations relating to the mining industry or shifts in political conditions that increase royalties or the costs related to the Company's activities or maintaining its properties. Operations may also be affected in varying degrees by government regulations with respect to restrictions on production, price controls, government-imposed royalties, claim fees, export controls, income taxes, and expropriation of property, environmental legislation and mine safety. The effect of these factors cannot be accurately predicted. Although the Company's exploration activities are currently carried out in material compliance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development.

Seizure or Expropriation of Assets

Pursuant to Article 58 of the Colombian constitution, the Government of Colombia can exercise its eminent domain powers in respect of the Company's assets in the event such action is required to protect public interests. According to Law 388 of 1997, eminent domain powers may be exercised through: (i) an ordinary expropriation proceeding (*expropiacion ordinaria*), (ii) an administrative expropriation (*expropiacion administrativa*) or (iii) an expropriation for war reasons (*expropiacion en caso de guerra*). In all cases, the Company would be entitled to a fair indemnification for expropriated assets. However, indemnification may be paid in some cases years after the asset is effectively expropriated. Furthermore, the indemnification may be lower than the price for which the expropriated asset could be sold in a free market sale or the value of the asset as part of an ongoing business.

Risks Associated with Potential Acquisitions

The Company is actively evaluating opportunities to acquire mining assets and businesses. These acquisitions may be material in size, may change the scale of the Company's business and may expose the Company to new geographic, political, operating, financial and geological risks. The Company's success in its acquisition activities depends on its ability to identify suitable acquisition targets, acquire them on acceptable terms and integrate their operations successfully with those of the Company.

Any acquisitions would be accompanied by risks, such as the difficulty of assimilating the operations and personnel of any acquired companies; the potential disruption of the Company's ongoing business; the inability of management to maximize the financial and strategic position of the Company through the successful incorporation of acquired assets and businesses; additional expenses associated with amortization of acquired intangible assets; the maintenance of uniform standards, controls, procedures and policies; the impairment of relationships with employees, customers and contractors as a result of any integration of new management personnel; and the potential unknown liabilities associated with acquired assets and businesses, including environmental liabilities. In addition, the Company may need additional capital to finance any such acquisitions. Debt financing related to acquisitions would expose the Company to the risk of leverage, while equity financing may cause existing shareholders to suffer dilution. There can be no assurance that the Company would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions.

Competition and Scarcity of Mineral Lands

The mining industry is intensely competitive, with many companies and individuals engaged in the mining business including large, established mining companies with substantial capabilities. There is a limited supply of desirable mineral lands available for claim staking, lease or other acquisition in the areas where the Company contemplates conducting exploration activities. The Company may be at a disadvantage in its efforts to acquire quality mining properties as it must compete with individuals and companies which in many cases have greater financial resources and larger technical staffs than the Company. Accordingly, there can be no assurance that the Company will be able to compete successfully for new mining properties. Increased competition for experienced mining professionals, equipment and other resources

could adversely affect the Company's ability to attract necessary capital funding or acquire suitable producing properties or prospects for mineral exploration.

Future Profits/Losses and Production Revenues/Expenses

The Company has no history of operations and expects that its losses will continue for the foreseeable future. The Company does not expect to receive revenues from operations or be profitable in the foreseeable future, if at all. The Company expects to incur losses until such time as a property enters into commercial production and generates sufficient revenues to fund its continuing operations. Development will require the commitment of substantial resources. There can be no assurance that the Company will generate any revenues or achieve profitability. The Company's operating expenses and capital expenditures may increase in subsequent years due to the cost of employees, consultants, service providers and equipment associated with advancing exploration and development. The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the Company's strategic analyses, the rate at which operating losses are incurred, the execution of any joint venture or other agreements with strategic partners, and the Company's acquisition of additional properties and other factors, many of which factors are beyond the Company's control.

Commodity Prices

In the event that the Company has a producing mine in the future, the profitability of the Company's business will be largely contingent on the market price for the minerals sold by the Company. A significant reduction in the market price of the metals sold by the Company for any extended period could have a materially adverse effect on the Company's profitability and cash flow. Global metal prices fluctuate widely and are affected by numerous factors beyond the Company's control, including global demand and production levels, political and economic conditions, producer hedging activities, speculative activities, inflation, interest rates and currency exchange rates.

Exploration and Mining Risks

There is no assurance that any exploration activities that the Company may undertake in the future will result in the development of an economically viable mine project. Exploration for minerals is highly speculative in nature, involves many risks and frequently is unsuccessful. Among the many uncertainties inherent in any mineral exploration and development program are the location of economic ore bodies, the development of appropriate metallurgical processes, the receipt of necessary regulatory permits and the construction of mining and processing facilities. In addition, substantial expenditures are required to pursue such exploration and development activities. Assuming discovery of an economic ore body, depending on the type of mining operation involved, several years may elapse from the initial phases of drilling until commercial operations are commenced and during such time the economic feasibility of production may change. Substantial expenditures are required to establish mineral resources and mineral reserves through drilling, to develop metallurgical processes to extract the metal from mineral resources, and in the case of new properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining. The economic viability of a mineral deposit depends on a number of factors, including without limitation: the characteristics of the orebody and its proximity to infrastructure, costs associated with exploration, development and operation of the mine project, prevailing metal prices, economic and financing conditions.

Dependence on Key Personnel

The Company is heavily dependent on its key personnel and on its ability to motivate, retain and attract highly skilled persons. If, for any reason, any one or more of such key personnel do not continue to be active in the Company's management, the Company could be adversely affected. There can be no assurance that the Company will successfully attract and retain additional qualified personnel to manage its current needs and anticipated growth. The failure to attract such qualified personnel to manage growth effectively could have a material adverse effect on the Company's business, financial condition or results of operations.

Capital Market

Historically the Company has been financed through the issuance of common shares and other equity securities. Although the Company has been successful in the past in obtaining financing, the Company

has limited access to financial resources and there is a risk that sufficient additional financing may not be available to the Company on acceptable terms, or at all. The ability of the Company to arrange additional financing will depend, in part, on prevailing debt and equity market conditions, and other factors. As a consequence, global economic and financial conditions could adversely impact the Company's financial status and share price.

COVID-19

The outbreak of COVID-19 has had a significant impact on global economic conditions, triggering significant declines in the stock market and restrictions on the movement of goods and people. These conditions may impact the Company's ability to access its mineral properties to complete further work. The ability of the Company to fund ongoing exploration or projects development is affected by the availability of financing. Due to market uncertainty the Company may be restricted in its ability to raise additional funding.

The extent to which COVID-19 impacts the Company's financial position, results of operations and cash flows in future periods is not yet known; however, there may be heightened risk of mineral properties impairment and liquidity or going concern uncertainty.

Critical Accounting Estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual reports could differ from management's estimates.

Additional Disclosure for Venture Issuers without Significant Revenue

The components of exploration and evaluation assets are described in *Note 10* of the condensed consolidated interim financial statements.

Outstanding Share Data as at the date of this MD&A

Authorized: an unlimited number of common shares without par value	Common Shares Issued and Outstanding	Common Share Purchase Warrants	Stock Options
Outstanding as at August 31, 2019	29,024,928	21,495,320	416,000
Common shares issued – November 7, 2019	5,895,000	5,895,000	-
Common shares issued – November 29, 2019	1,425,000	1,425,000	-
Common shares issued – January 6, 2020	3,800,000	3,800,000	-
Warrants granted – January 6, 2020	-	48,300	-
Common shares issued – January 24, 2020	24,350,000	-	-
Common shares issued – February 6, 2020	4,480,000	4,480,000	-
Common shares issued – February 26, 2020	10,600,000	10,600,000	-
Common shares returned to treasury – Q2 2020	(304,583)	(304,583)	-
Common shares returned to treasury – Q3 2020	(900,000)	(900,000)	-
Stock options expired	-	-	(76,000)
Stock options granted – February 7, 2020	-	-	6,350,000
Stock options granted – May 13, 2020	-	-	300,000
Common shares issued – June 9, 2020	2,260,000	(2,260,000)	-

Common shares issued – June 17, 2020	21,767,858	10,883,928	-
Common shares issued – June 18, 2020	568,980	(568,980)	-
Common shares issued – June 25, 2020	450,000	(450,000)	
Common shares issued – July 16, 2020	25,000		(25,000)
Common shares issued – July 21, 2020	100,000	-	(100,000)
Common shares issued – July 23, 2020	690,000	(690,000)	-
Common shares issued – July 24, 2020	345,450	(345,450)	-
Stock options granted – July 24, 2020	-	-	200,000
Outstanding as at the date of this MD&A	104,577,633	53,108,535	7,065,000

Proposed Transactions

There are no proposed transactions that have not been disclosed herein.

Internal Controls Over Financial Reporting

Changes in Internal Control over Financial Reporting (“ICFR”)

In connection with National Instrument 52-109 (“NI 52-109”), Certification of Disclosure in Issuer’s Annual and Interim Filings, adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to financial information contained in the unaudited interim consolidated financial statements and the audited annual consolidated financial statements and respective accompanying MD&A. The Venture Issue Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

Management’s Responsibility over Financial Statements

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the financial statements.

Other Information

Additional information relating to the Company is available for viewing on SEDAR at www.sedar.com and at the Company’s website www.outcroppgold.com.