Colorado Resources Ltd.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED

JUNE 30, 2020

The following Management's Discussion & Analysis ("**MD&A**") of Colorado Resources Ltd. ("**Colorado**" or the "**Company**") is for the three months ended June 30, 2020 and covers information up to the date of this MD&A. It has been prepared by management and reviewed and approved by the Board of Directors (the "**Board**") on August 31, 2020.

This MD&A is dated **August 31, 2020**.

This MD&A should be read in conjunction with the Company's condensed consolidated interim financial statements and the related notes thereto for the three months ended June 30, 2020, which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards ("**IAS**") Board.

All financial results presented in this MD&A are expressed in Canadian dollars unless otherwise indicated.

Effective August 21, 2020, the Company consolidated its common shares on the basis of one post-consolidated common share for every ten pre-consolidated common shares held. The 211,170,915 pre-consolidated common shares issued and outstanding were adjusted to 21,117,091 post-consolidated common shares. As required by International Accounting Standards ("IAS") 33 *Earnings per Share*, all references to share capital, common shares outstanding, warrants outstanding, options outstanding and per share amounts in this MD&A for time periods prior to the share consolidation have been restated to reflect the one-for-ten share consolidation.

Throughout the report we refer to "Colorado", the "Company", "we", "us", "our" or "its". All these terms are used in respect of Colorado Resources Ltd. **Additional information regarding the Company, including copies of the Company's continuous disclosure materials is available through the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com and the Company's website at www.coloradoresources.com.**

CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

This report contains "forward-looking statements", including the Company's expectations as to but not limited to, comments regarding the timing and content of upcoming work programs and exploration budgets, geological interpretations, receipt of property titles, and potential mineral recovery processes. Forward-looking statements express, as at the date of this report, the Company's plans, estimates, forecasts, projections, expectations, or beliefs as to future events or results. The material factors and assumptions used to develop the forward-looking statements and forward looking information contained in this MD&A include the following: our approved budgets including that certain expected exploration expenditures qualify as "flow through" expenditures, exploration and assay results, results of the Company's planned exploration expenditure programs, estimated drilling success rates and other prospects. Due to the nature of the mineral resource industry, budgets are regularly reviewed in light of the success of the expenditures and other opportunities that may become available to the Company, however, there may be circumstances where a reallocation of funds may be necessary.

Forward-looking statements involve a number of risks and uncertainties, and there can be no assurance that such statements will prove to be accurate. Therefore, actual results and future events could differ materially from those anticipated in such statements and Colorado assumes no obligation to update forward-looking information in light of actual events or results.

CAUTIONARY STATEMENT ON FORWARD LOOKING INFORMATION (continued)

Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward-looking statements include, but are not limited to, factors associated with fluctuations in the market price of minerals, mining industry risks and hazards, environmental risks and hazards, economic and political events affecting metal supply and demand, uncertainty as to calculation of mineral reserves and resources, requirement of additional financing, and other risks. Actual results may differ materially from those currently anticipated in such statements.

Readers are cautioned that the foregoing list of important factors and assumptions is not exhaustive. Forward-looking statements are not guarantees of future performance. Events or circumstances could cause the Company's actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information or future events or otherwise, except as may be required under applicable laws.

NATURE OF BUSINESS

Colorado was incorporated on October 9, 2009 under the *Business Corporations Act* (British Columbia).

The Company is a "reporting" company in the provinces of British Columbia ("**BC**"), Alberta and Ontario and is listed on the TSX Venture Exchange (the "**TSX-V**"), having the symbol CXO.V as a Tier 1 issuer and its corporate office and principal place of business are located at Suite 500 – 666 Burrard Street, Vancouver BC, V6C 3P6.

The Company is in the exploration stage and its principal business activities include the acquisition, exploration and development of mineral properties. As a result, the Company has no current sources of revenue, other than interest earned on cash and short-term investments.

The Company's principal assets include a 100% interest, subject to certain underlying net smelter return ("**NSR**") royalties, in the Castle, KSP, KingPin, Sofia, North ROK and ROK Coyote properties, all of which are located in BC.

CAUTIONARY NOTES

**Readers are cautioned that the exploration targets at the Company's BC properties are early-stage exploration prospects and conceptual in nature. With the exception of the North ROK Property, there has been insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in any target being delineated as a mineral resource. (See Company website for further details on North ROK).*

***Readers are cautioned this report contains information about adjacent properties on which Colorado has no right to explore or mine. Readers are cautioned that mineral deposits on adjacent properties are not indicative of mineral deposits on the Company's properties.*

****Readers are cautioned that mineral resources are not mineral reserves and do not have demonstrated economic viability. Mineral resource estimates do not account for mineability, selectivity, mining loss and dilution. These mineral resource estimates include inferred mineral resources that are normally considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves. There is also no certainty that these inferred mineral resources will be converted to measured and indicated categories through further drilling, or into mineral reserves, once economic considerations are applied.*

CAUTIONARY NOTES (continued)

****Readers are cautioned that historical information contained in this report, regarding the Company's projects or adjacent properties are reported for historical reference only and cannot be relied upon as the Company's QP, as defined under NI-43-101 has not prepared nor verified the historical information.*

HIGHLIGHTS AND KEY DEVELOPMENTS

- On April 1, 2020, the Company appointed Tim Thiessen as Chief Financial Officer and granted 31,000 incentive stock options to an officer and a consultant at an exercise price of $0.90, with an expiry of April 1, 2025;

- On June 9, 2020, the Company appointed Dave Fleming as Vice President Exploration;

- On June 30, 2020, the Company granted 105,000 incentive stock options to an officer, employees and a technical consultant of the Company at an exercise price of $0.90, with an expiry of June 29, 2025;

- On July 6, 2020, the Company announced the appointment of Tony Barresi, Ph.D., P.Geo., as President and Director of the Company, effective August 1, 2020. Dr. Barresi is a geologist with over 15 years of precious and base metals exploration experience and was most recently President and Director of Triumph Gold Corp., where he built a 50 person team of explorers and support personnel who are credited with discoveries of the high-grade Blue Sky and WAu Breccias;

- On July 14, 2020, the Company announced commencement of an exploration program consisting of surface sampling, mapping and an Induced Polarization ("**IP**") survey at its Castle Project. The program is designed to minimize physical contact with local communities and strictly adhere to COVID-19 guidelines established by the BC Government, local First Nations and the Company;

- On July 22, 2020, the Company announced the results of a Special Meeting of its shareholders that was held in Vancouver, BC on July 21, 2020. Shareholders approved the consolidation of all of the issued and outstanding common shares of the Company on the basis of ten (10) pre-consolidation common shares for one (1) post-consolidation common share as well as the replacement of the Company's existing Articles in their entirety with a new set of Articles;

- On July 28, 2020, the Company commenced IP geophysical surveying on its Sofia property in the Toodoggone Mining District of northern BC, with the program operated under COVID-19 guidelines established by the BC Government, local First Nations and the Company;

- On August 20, 2020, the Company announced that it had received final TSX-V approval, and that effective August 21, 2020, the consolidation of its common shares took effect, resulting in the number of issued and outstanding common shares of the Company being reduced from 211,170,915 common shares to 21,117,091 common shares on a non-diluted basis; and

- On August 26, 2020, the Company announced the undertaking of a non-brokered private placement comprised of up to 2,142,857 units of the Company at a price of $0.70 per unit for gross proceeds of up to $1,500,000. Each unit will consist of one common share of the Company and one-half of one non-transferable share purchase warrant, with each whole warrant entitling the holder to acquire an additional common share of the Company at an exercise price of $1.00 per share with an expiry date of 24 months after completion of the Offering. The private placement remains subject to TSX-V approval.

ACQUISITION OF BUCKINGHAM

On August 20, 2019, the Company completed a plan of arrangement with Buckingham Copper Corp. ("**Buckingham**") which resulted in the acquisition of Buckingham (the "**Buckingham Acquisition**"), with Buckingham shareholders receiving one half of a common share of the Company for each Buckingham common share held, resulting in 1,240,905 Colorado common shares issued. The acquisition also resulted in all of the outstanding Buckingham warrants being converted to Colorado warrants at the same terms as the common shares (the "**Replacement Warrants**"), resulting in an additional 210,000 Colorado warrants outstanding and exercisable at $0.12 until August 20, 2022.

Concurrently, the Company completed a private placement of 1,526,785 flow-through ("**FT**") units at a price of $1.20 per unit for gross proceeds of $1,832,142, and 2,206,993 non-flow-through ("**NFT**") units at a price of $0.85 for gross proceeds of $1,875,944. Each FT unit consisted of one FT common share and one half of one common share purchase warrant, with each whole warrant exercisable at $1.50 for three years. Each NFT unit consisted of one common share and one half of one common share purchase warrant, with each whole warrant exercisable at $1.20 for three years.

Colorado paid finder's fees in the amount of $82,140 and issued an aggregate of 68,888 warrants to certain arms-length finders. Each finder's warrant is exercisable into one common share at a price of either $1.20 or $1.50 per share for a period of three years.

NEWMONT LOAN

On September 13, 2018, the Company obtained a secured loan of $500,000 (the "**Loan**") from Goldcorp Inc. ("**Goldcorp**"). Terms of the Loan included interest at a rate of 8% per annum compounded monthly, a maximum term of twelve months, maturing on September 13, 2019 (the "**Maturity Date**") with early repayment provisions, and security against the Company's KSP, Castle, North ROK and ROK Coyote properties.

Additional terms included the Company's option to pay interest in cash or, subject to the approval of the TSX-V, in shares (the "**Interest Shares**"). The issue price of any Interest Shares was set at the lower of the 10-day volume weighted average price and the closing price of Colorado's common shares on the last trading day prior to payment.

On April 18, 2019, Goldcorp was acquired by Newmont Mining Corporation ("**Newmont**").

In connection with the Loan, the Company issued the following common shares (the "**Bonus Shares**"), pursuant to the terms of the Loan:

- 25,000 Bonus Shares to Goldcorp on September 18, 2018, valued at $21,250 being the market price of the shares of $0.85 on the date of issuance; and

- 25,000 Bonus Shares to Newmont on August 20, 2019, valued at $21,250 as a result of the Loan being repaid after the six-month anniversary.

On August 20, 2019, Newmont Goldcorp Corporation exercised its pre-emptive right and subscribed for 633,672 units of Colorado at a price of $0.85 per unit for aggregate proceeds of $538,621, with each unit consisting of one common share and one half of one common share purchase warrant exercisable at $1.20 for three years, thereby extinguishing the Company's loan amount of $500,000, the related interest of $38,621 and releasing the security against the properties.

MINERAL PROPERTIES (British Columbia)

KSP PROPERTY

Colorado holds a 100% interest, subject to certain NSR royalties, in the KSP property located southeast of the past-producing Snip Mine, BC.

As previously reported in the Company's news release of January 20, 2020, Colorado retrieved and assayed drill core from seven holes completed during the 2018 program at the Tami Zone. *See Colorado's website www.coloradoresources.com for a complete list of drill-hole assays, figures and maps as well as the Company's Quality Assurance/Quality Control procedures.*

As at June 30, 2020, the Company had incurred $14,945,183 in acquisition and exploration costs, net of BCMET recoveries.

The Company's technical team will continue to review the collective data from its exploration work completed to date. Exploration plans for 2020 include an airborne light detection and ranging survey ("**LiDAR**") over the entire property in advance of future work programs as funds become available.

NORTH ROK and ROK-COYOTE PROPERTIES

The contiguous North ROK and ROK-Coyote properties are 100% owned subject to certain NSR royalties and are located approximately 70 kilometres ("**km**") south of Dease Lake and straddles Highway 37 approximately 15 km northwest of Imperial Metals' Red Chris mine in northern BC.

As at June 30, 2020, the Company had incurred $6,706,251 in acquisition and exploration costs, net of BCMET recoveries.

Colorado will continue its technical review of the North ROK and ROK-Coyote data. A communication agreement was signed with Tahltan Nation and management has engaged in continued discussions to unlock the value at North ROK and ROK-Coyote.

CASTLE PROPERTY

Colorado holds a 100% interest (subject to a 2% NSR royalty) in the Castle property located in the Liard Mining District of BC. The Company has the option to purchase the 2% NSR for $4,000,000.

As previously noted, the Company acquired Buckingham which holds an option to earn a 100% interest in the Moat property. The Moat property adjoins the Castle property to the east and southeast and became part of Castle for exploration work and reporting purposes. Moat fills in Colorado's land position between GT Gold Corp.'s Tatogga property and its prospective Castle property. GT Gold Corp. recently reported significant mineral discoveries on the Tatogga property, including a maiden resource for the Saddle North deposit. In connection with the Buckingham Acquisition, the Company allocated $851,740 in acquisition costs for the Moat property.

MINERAL PROPERTIES (British Columbia) (continued)

CASTLE PROPERTY (continued)

On December 18, 2018, Buckingham entered into a property option agreement (the "**Moat Option Agreement**"), whereby it acquired the option to purchase a 100% interest in a group of mining claims (the "**Moat Property**"), subject to a 2.5% NSR.

On December 11, 2019, the Company issued 689,655 common shares to the optionor of the Moat Property valued at $344,828 which was capitalized to exploration and evaluation assets.

In order to earn a 100% interest in the Moat Property, the Company has the following commitments:

- issue $500,000 in common shares by December 27, 2020; and
- issue $700,000 in common shares by December 27, 2021.

During August and September 2019, the Company conducted and completed a work program on the combined Moat property (now known as Castle for simplicity). The work included 1,555 metres ("**m**") of drilling in four holes on the Castle East porphyry Cu-Au-Mo target, 23.5 km of IP surveying, a 1,125 km high resolution airborne magnetic survey, prospecting, soil sampling and geological mapping (see news releases of September 3, September 18, October 10 and December 9, 2019).

In June 2020, the technical team collected hyperspectral data from 2019 drill core and surface sample rejects. The Company has undertaken a summer 2020 field program at Castle which included geological mapping and soil sampling with plans for additional IP geophysical surveying.

As at June 30, 2020, the Company had incurred $3,402,854 in acquisition and explorations costs, net of BCMET recoveries, including the Moat property acquisition costs and Moat option payments.

KINGPIN PROPERTY

The KingPin Property covers more than 328 square km of prospective ground located in the Golden Triangle area north of Stewart in northwest BC. During the 2019 field season no exploration work was completed.

As at June 30, 2020 the Company had incurred $298,913 in acquisition and explorations costs, net of BCMET recoveries.

Colorado will continue its technical review of the KingPin results, in order to prepare a future work program.

SOFIA PROPERTY

The Sofia property was acquired as part of the Buckingham Acquisition. Buckingham owns 100% of the Sofia property subject to a 2% NSR of which 1% of the NSR may be purchased for $2,000,000 within one year following the commencement of commercial production. Sofia is located in the Toodoggone mining district of northwestern BC. In connection with the Buckingham Acquisition, the Company allocated $1,129,660 in acquisition costs.

As at June 30, 2020, the Company had incurred $1,237,340 in acquisition and explorations costs.

During the year ended March 31, 2020, the Company completed a compilation of historic exploration information and conducted a 510 km airborne magnetic survey (see news releases dated October 10, 2019 and February 19, 2020). The Company is currently conducting a summer 2020 field program involving geological mapping, soil sampling and IP geophysical surveying.

OTHER PROPERTIES

Other properties in which the Company owns a 100% interest include the GJ Key property, GS property, Stu property, and Iskut claims, all located near Stewart, BC, Hearts Peak northwest of Dease Lake and the Hit property in the Aspen Grove district of southern BC. Certain additional early stage and grassroots exploration properties are located in the Macmillan Pass area of northern Yukon Territory.

During the year ended March 31, 2019 the Company wrote-off these other properties in the aggregate amount of $16,068 as the Company no longer intends to pursue exploration work on these properties.

QUALIFIED PERSON

Mr. David Fleming, P.Geo., Vice President Exploration for the Company and a Qualified Person as defined by National Instrument 43-101, has reviewed and approved the technical information discussed in this MD&A.

The following table outlines the details of capitalized exploration expenditures for the three months ended June 30, 2020:

	North ROK and ROK-Coyote	KSP	KingPin	Castle	Sofia	Total
	$	$	$	$	$	$
Balance, March 31, 2020	6,696,201	14,930,382	298,913	3,352,924	1,201,852	26,480,272
Exploration costs						
Salaries and overhead	-	13,795	-	29,244	35,488	78,527
Analysis	2,800	1,006	-	-	-	3,806
Camp	-	-	-	10,837	-	10,837
Consulting	113	-	-	5,744	-	5,857
Field equipment and fuel	-	-	-	522	-	522
Labour	7,137	-	-	680	-	7,817
Travel and transportation	-	-	-	2,903	-	2,903
Total exploration costs	10,050	14,801	-	49,930	35,488	110,269
Balance, June 30, 2020	6,706,251	14,945,183	298,913	3,402,854	1,237,340	26,590,541

OVERALL PERFORMANCE

FINANCIAL CONDITION

The net assets of the Company decreased from $27,997,283 at March 31, 2020 to $27,805,714 at June 30, 2020, a decrease of $254,408. The most significant assets at June 30, 2020 were exploration and evaluation assets of $26,590,541 (March 31, 2020: $26,480,272), restricted cash of $1,521,969 (March 31, 2020: $1,622,314) and cash and cash equivalents of $314,275 (March 31, 2020: $573,200). The most significant liabilities were a FT share premium liability of $631,720 (March 31, 2020: $631,720) and accounts payable and accrued liabilities of $317,557 (March 31, 2019: $369,233).

The majority of the $110,269 increase in exploration and evaluation assets consisted of the Company capitalizing $78,527 of salaries and overhead costs, $10,837 of camp costs and $7,817 of labour costs. The majority of the $110,269 increase was spent on the Company's Castle property ($49,930) and its Sofia property ($35,488).

The restricted cash relates to the Company's FT commitments. The Company raised gross proceeds of $1,832,143 on August 20, 2019 and another $1,184,475 on March 31, 2020. The Company is required to spend these FT funds on qualifying exploration expenditures. As at June 30, 2020, an amount of $1,521,969 was remaining to be spent on qualifying exploration expenditures.

The Company's current liabilities at June 30, 2020 consisted of accounts payable and accrued liabilities of $317,557 (March 31, 2020: $369,233) and a lease liability of $45,668 (2020: $44,324). The Company's non-current liabilities at June 30, 2020 consisted of a FT share premium liability of $631,720 (March 31, 2020: $631,720) and a lease liability of $47,270 (March 31, 2020: $59,204).

The current and non-current lease liabilities totaling $92,938 are a result of the Company adopting IFRS 16 – *Leases* effective April 1, 2019. Under IFRS 16, the Company is required to recognize a right-of-use asset, representing its right to use the underlying asset, and a lease liability, representing its obligation to make lease payments. The Company has office leases in Kelowna and Vancouver, BC. Upon adopting IFRS 16, these leases were measured at the present value of the remaining lease payments and discounted using an incremental borrowing rate of 12%. The lease liability of $92,938 is the remaining liability for the Kelowna and Vancouver office leases.

With respect to the FT share premium liability, under IFRS, when a Company issues FT shares, the Company allocates the FT Share proceeds into i) share capital, and ii) a FT share premium, equal to the estimated premium if any, investors pay for the FT feature, which is recognized as a liability called FT share premium liability. Upon incurring qualifying expenditures, the Company reduces the liability and recognizes a deferred income tax recovery in income for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision. At the end of a period, the FT share premium liability consists of the portion of the premium on FT shares that corresponds to the portion of qualifying exploration expenditures that have not yet been incurred.

The FT share premium liability at June 30, 2020 of $631,720 is a result of the private placement of FT shares that was completed on March 31, 2020. The 1,579,300 FT shares were issued at $0.75 per FT share for gross proceeds of $1,184,475. The Company's share price on March 31, 2020 was $0.35 and as a result, the Company allocated $552,755 of the gross proceeds to share capital and the remaining $631,720 to FT share premium liability. As at June 30, 2020, the Company had not spent any of the gross proceeds.

OVERALL PERFORMANCE (continued)

RESULTS OF OPERATIONS

Quarter ended June 30, 2020

For the three months ended June 30, 2020, the Company recorded a net loss of $257,429 (2019: $276,500). Expenses before Other Items were $265,176 (2019: $276,816) with the most significant being consulting fees of $86,600 (2019: $9,706), share-based payments expense of $65,860 (2019: $Nil) and office and administration costs of $42,173 (2019: $27,613). The majority of Other Items for the three months ended June 30, 2020 consisted of a foreign exchange gain of $11,280, an unrealized gain on marketable securities of $12,640 and interest and miscellaneous income of $10,403. These were partially offset by a write-off of cash in a subsidiary of $28,388. Explanations for these expenses and Other Items are as follows:

- The majority of consulting fees of $86,600 for the three months ended June 30, 2020 consisted of fees of $30,000 earned by the CEO, $21,000 earned by the CFO and $18,000 earned by the Executive Chairman;

- The Company applies the fair value method of accounting for all awards of stock options by using the Black-Scholes Option Pricing Model. Variations in share-based payments expense is based on a number of factors including, but not limited to, the size and occurrence of grants during a particular period, the Company's share price at the time of an option grant and the timing of recording share-based payments expense based on vesting schedules. The Company did not grant any stock options during the three months ended June 30, 2019. During the three months ended June 30, 2020, the Company granted a total of 1,028,500 stock options with a weighted average exercise price of $1.32. The weighted average fair value per option was $0.03. Based on vesting schedules, the Company recorded an amount of $65,860 during the three months ended June 30, 2020;

- The Company owns 1,264,000 common shares of Damara Gold Corp. The unrealized gain on marketable securities of $12,640 was a result of the increase in value of the shares during the three months ended June 30, 2020; and

- During the three months ended June 30, 2020, $28,388 of cash held in the Company's dormant, wholly-owned Mexican subsidiary Colorado Gold S.A. de C.V. was written off due to uncertainty of recovery.

CASH FLOWS

Quarter ended June 30, 2020

Cash and cash equivalents and restricted cash decreased by $359,270 during the three months ended June 30, 2020, from $2,195,514 at March 31, 2020 to $1,836,244 at June 30, 2020. The decrease was a result of cash of $228,143 used in operating activities, cash of $119,345 used in investing activities and cash of $11,782 used in financing activities.

CASH FLOWS (continued)

Quarter ended June 30, 2020 (continued)

The cash of $228,143 used in operating activities consisted of the net loss of $257,429 and a net change in non-cash working capital of $37,691, partially offset by items not involving cash of $66,977.

The cash of $119,345 used in investing activities consisted of exploration and evaluation assets expenditures of $110,269, a purchase of a reclamation bond of $5,000 and the purchase of equipment for $4,076.

The cash of $11,782 used in financing activities consisted exclusively of the Company making net lease liability payments relating to the Company's two office leases.

SUMMARY OF QUARTERLY RESULTS

	Q1, 2021	Q4, 2020	Q3, 2020	Q2, 2020
	$	$	$	$
Net loss for the period	(257,429)	(347,732)	(323,190)	(393,780)
Basic and diluted loss per share	(0.01)	(0.02)	(0.00)	(0.00)

	Q1, 2020	Q4, 2019	Q3, 2019	Q2, 2019
	$	$	$	$
Net loss for the period	(276,500)	(94,816)	(294,596)	(208,727)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)

The Company earned no revenue during the periods presented other than interest income from bank balances.

With the exception of Q4, 2019, the Company's operating results were relatively consistent over the last eight quarters, ranging from a net loss of $208,727 in Q2, 2019 to a net loss of $393,780 in Q2, 2020.

The most significant expenses for Q1, 2021 consisted of consulting fees of $86,600 (2019: $9,706), share-based payments expense of $65,860 (2019: $Nil) and office and administration costs of $42,173 (2019: $27,613). See '*Results of Operations'* on Page 13 for more details of the expenses.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

Effective July 1, 2017, the Company entered into a five year office lease in Kelowna, BC, at an annual rent of $58,168 until June 30, 2022. Effective January 1, 2020, the Company entered into a sublease agreement for the Kelowna office, whereby the Company has subleased the entire office, and is recovering approximately 90% of its monthly lease commitment. Effective March 12, 2020, the Company entered into a two year office lease in Vancouver, BC at an annual rent of $16,617 until March 31, 2022 and effective June 12, 2020, the Company entered into an office lease in Richmond, BC at an annual rate of $26,400 until June 30, 2021.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

A related party transaction is a transaction between the issuer and a related party of the issuer at the time the transaction is agreed to as a consequence of which the issuer directly or indirectly enters into specified transactions, including a purchase or sale of assets, issuing securities, borrowing or lending money, and forgiving debts or liabilities.

Key management compensation

Key management personnel at the Company are the Directors and Officers of the Company. Transactions with key management personnel and their related parties are in the normal course of operations and are measured at their exchange amount, which is the amount agreed upon by the transacting parties.

a) Related Party Transactions

The Company's related party transactions for the three months ended June 30 were as follows:

		2020	2019
		$	$
Administration and labour	1	1,700	6,513
Consulting fees	2	69,000	4,481
Salaries	3	6,075	43,462
Share-based payments expense	4	33,881	-
Total		110,656	54,456

1 Administration for the three months ended June 30, 2020 consisted of fees earned by Anacott Resources Ltd., a company related by a common director. Administration and labour for the three months ended June 30, 2019 consisted of fees earned by Minco Corporate Management Inc. ("**Minco**"), a company controlled by the former CFO, Terese Gieselman.

2 Consulting fees for the three months ended June 30, 2020 consisted of $30,000 of fees earned by the CEO, Mr. Joseph Mullin through Joseph E. Mullin LLC, a private company controlled by him, $21,000 of fees earned by the CFO, Mr. Tim Thiessen through TSquared Accounting Inc. ("**TSquared**"), a private company controlled by him and $18,000 of fees earned by the Company's Chair of the Board, Mr. Fletcher Morgan through Elemental Capital Partners LLP ("**Elemental**"), a company controlled by him. Consulting fees for the three months ended June 30, 2019 consisted exclusively of fees earned by Minco.

3 Salaries for the three months ended June 30, 2020 consisted exclusively of amounts earned by the Company's Vice President of Exploration, Dave Fleming. Salaries for the three months ended June 30, 2019 consisted of an amount of $34,000 earned by the former CEO, Robert Shaw and an amount of $9,462 earned by the former CFO, Eric Casey.

4 Share-based payments expense is the fair value of stock options that have been granted to key management personnel.

RELATED PARTY TRANSACTIONS (continued)

b) Related Party Balances

The following related party balances were included in accounts payable and accrued liabilities:

		June 30, 2020	March 31, 2020
Amounts due to:	**Service for:**	$	$
Anacott Resources Ltd.	Administration	39,814	37,005
Elemental	Executive Chairman	18,900	6,300
Joseph E. Mullin LLC	CEO	30,000	30,400
TSquared	CFO	6,300	-
		95,014	73,705

PROPOSED TRANSACTIONS

As of the date of this report, there were no proposed transactions.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Significant assumptions about the future and other sources of estimation uncertainty that Management has made that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i) Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by Management that may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year and include, but are not limited to, the following:

Share-based payments

The fair value of share-based payments is subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by Management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

Flow-through share private placements

As an incentive to complete private placements, the Company may issue common shares, which by agreement are designated as flow-through shares. The shares are usually issued at a premium to the trading price of the Company's shares because the Company renounces the resulting expenditures and income tax benefits to the FT shareholders. On issue, share capital is increased only by the non-FT share equivalent value and share-based payments reserve is increased by the fair value of warrants, if any, as determined by the Black-Scholes option pricing model. Any premium is recorded as a FT share premium liability. The estimate is subject to the limitations of the highly subjective assumptions in the Black-Scholes option pricing model.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES (continued)

i) Critical accounting estimates (continued)

Discount rate

The Company uses estimation in determining the incremental borrowing rate used to measure the lease liability, right-of-use asset and investment in sublease, specific to the asset, underlying currency and geographic location. Where the rate implicit in the lease is not readily determinable, the discount rate of the lease obligations are estimated using a discount rate similar to the Company's specific borrowing rate. This rate represents the rate that the Company would incur to obtain the funds necessary to purchase the asset of a similar value, with similar payment terms and security in a similar environment.

ii) Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements include, but are not limited to, the following:

Recovery of deferred tax assets

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

Going concern assumption

The assessment of whether the going concern assumption is appropriate requires Management to take into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

Right-of-use asset

The Company applies judgement in determining whether the contract contains an identified asset, whether they have the right to control the asset, and the lease term. The lease term is based on considering facts and circumstances, both qualitative and quantitative that can create an economic incentive to exercise renewal options. Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option.

Impairment

The assessment of any impairment or recovery of right-of-use assets, plant and equipment and exploration and evaluation assets is dependent upon estimates of recoverable amounts that take into account factors such as reserves, economic and market conditions and the useful lives of assets. Judgment is required in assessing the appropriate level of cash generating units ("CGU") to be tested for such impairment, if facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES (continued)

ii) Critical accounting judgments (continued)

Impairment (continued)

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company. If, after exploration and evaluation expenditures are capitalized, indicators of impairment are identified suggesting that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount the Company carries out an impairment test at the CGU or group of CGUs level in the year the new information becomes available. Such impairment tests and recoverable value models have a degree of estimation and judgment which may differ in the future.

Decommissioning liabilities

In the event that decommissioning liabilities are required to be recognized, such liabilities would be stated at the fair value of estimated future costs. Such estimates require extensive judgment about the nature, cost and timing of the work to be completed, and may change with future changes to costs, environmental laws and regulations and remediation practices.

Asset acquisition versus business combination

Management had to apply judgment with respect to whether the acquisition of Buckingham was an asset acquisition or business combination. The assessments required management to assess the inputs, processes and outputs of the companies acquired at the time of acquisition. Pursuant to the assessment, Buckingham was considered to be an asset acquisition.

A detailed summary of all of the Company's significant accounting policies is included in Note 3 to the consolidated financial statements for the year ended March 31, 2020.

FINANCIAL INSTRUMENTS

The Company's financial instruments are exposed to certain financial risks which are discussed in detail in Note 16 of the Company's condensed consolidated interim financial statements for the three months ended June 30, 2020.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to endeavour that it will have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. However, circumstances may arise where the Company is unable to meet those goals. The key to managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

Typically, the Company tries to ensure that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days. To achieve this objective, the Company prepares annual capital expenditure budgets, which are regularly monitored and updated as considered necessary. Further, when required, the Company utilizes authorizations for expenditures on exploration projects to further manage expenditures.

LIQUIDITY AND CAPITAL RESOURCES (continued)

The Company does not currently own or have an interest in any producing mineral properties and does not derive any revenues from operations. Operational activities have been funded through private placements and stock option exercises. At June 30, 2020, the Company had working capital of $1,659,644 (March 31, 2020: $1,969,149). While the Company has been successful in securing financing to date, there can be no assurances that it will be able to do so in the future. A material uncertainty exists that may cast significant doubt about the Company's ability to continue as a going concern. The Company has no bank debt or banking credit facilities in place.

CAPITAL MANAGEMENT

The Company monitors its cash and cash equivalents, common shares, warrants and stock options as capital. The Company manages the capital structure and makes adjustments accordingly in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will continue this method of financing due to the current difficult market conditions.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. Management reviews the capital structure on a regular basis to ensure that the above objectives are met. The Company's capital is not subject to any externally imposed capital requirements. There have been no changes to the Company's approach to capital management during the three months ended June 30, 2020.

OUTSTANDING SHARE DATA

Colorado is authorized to issue an unlimited number of common shares without par value.

As at the date of this report there were 21,117,091 common shares issued and outstanding, 2,809,089 warrants outstanding and 1,028,500 stock options outstanding.

OTHER MD&A REQUIREMENTS

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

General and administrative expenses for the three months ended June 30 were as follows:

	2020	2019
	$	$
Consulting	86,600	9,706
Depreciation	6,430	15,921
Directors' fees	-	25,000
Interest on lease liability	3,003	-
Interest on loan payable	-	10,278
Investor relations	30,869	(2,110)
Office and administration	42,173	27,613
Professional fees	26,308	130,408
Salaries and benefits	1,841	53,851
Share-based payments expense	65,860	-
Transfer agent, regulatory and filing fees	2,092	1,424
Travel and accomodation	-	4,725
	265,176	276,816

RISKS AND UNCERTAINTIES

Going Concern

The principal risk faced in the exploration stage is the ability to raise the funds required to explore for minerals. The Company does not operate any producing properties and as such, is dependent on the ability to raise funds. Although the Company believes it has sufficient access to financial markets to support its intended work plan, failure to do so would result in future work being suspended. While the Company has been successful in securing financing to date, there can be no assurances that it will be able to do so in the future. These uncertainties raise significant doubt about the Company's ability to continue as a going concern.

Political Policy Risk

Despite the recent moderation in the gold price, the previously record-high gold prices encouraged numerous governments around the world to look at ways to secure additional benefits from the mining industry across all commodity types, an approach recognized as "Resource Nationalism." Mechanisms used or proposed by governments have included increases to royalty rates, corporate tax rates, implementation of "windfall" or "super taxes," and carried or free-carried interests to the benefit of the state. Extreme cases in Venezuela and Argentina have resulted in the nationalization of active mining interests. Such changes are viewed negatively in the investment community and can lead to share price erosion, and difficulty in accessing capital to advance projects.

RISKS AND UNCERTAINTIES (continued)

Exploration Risk

All of the properties in which the Company has an interest are in the exploration stage and are currently without reserves. Development of these mineral properties will only follow upon obtaining satisfactory exploration results, receipt of positive engineering studies, access to adequate funding, community support and all necessary permits, licenses and approvals. Mineral exploration and development involves a high degree of risk and few properties which are explored are ultimately developed into producing mines. Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and the infrastructure at any site chosen for mining. The Company has not completed a feasibility study on any of its properties and there is no assurance that these mineral exploration and development activities will result in any discoveries of commercial mineral deposits. The long-term profitability of the Company's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors beyond the Company's control.

Financial Capability and Additional Financing

The Company has limited financial resources, has no source of operating income and has no assurance that additional funding will be available to it. It is anticipated that further exploration and development of the projects will be financed in whole or in part by the issuance of additional securities by the Company. Although the Company has been successful in the recent past in financing its initial activities through the issuance of equity securities, there can be no assurance that it will be able to obtain sufficient financing in the future to execute its business plan, particularly with ongoing uncertainty in the global financial markets, and the prevailing investment climate of risk aversion particularly in the resource sector. A discussion of risk factors particular to financial instruments is presented in the audited financial statements for the year ended March 31, 2020.

The Company has no history of regular earnings and is not expected to generate earnings or pay dividends until the Company's exploration projects are sold or taken into production.

Commodity Prices

The mineral industry varies with the price of metals. The prices of gold and other commodities have fluctuated widely in recent years and are affected by factors beyond the control of the Company including, but not limited to, international economic and political trends, currency exchange fluctuations, economic inflation and expectations for the level of economic inflation in the consuming economies, interest rates, global and local economic health and trends, speculative activities and changes in the supply of commodities due to significant (often sovereign or national) purchases and divestitures, new mine developments, mine closures as well as advances in various production and use technologies of commodities. All of these factors will impact the viability of the Company's exploration projects in ways that are impossible to predict with certainty.

RISKS AND UNCERTAINTIES (continued)

Environment and Permitting

The Company's activities involve the application for licenses and permits from government authorities and such activities are governed by various laws and regulations that cover the protection of the environment, land use, exploration, development, co-ordination of operations and infrastructure with third parties engaged in other activities on the lands, taxes, labour standards, occupational health, waste disposal, safety and other matters. Environmental legislation in Canada provides restrictions and prohibitions on spills and various substances produced in association with certain exploration activities which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of activities require the submission and approval of environmental impact statements. Environmental legislation is evolving in a direction of higher standards and enforcement, and higher fines and penalties for non-compliance. Environmental assessments of proposed projects carry a heightened degree of responsibility and liability exposure for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of future operations. There is no assurance that future environmental regulations will not adversely affect the Company or its future operations.

The Company believes that it is in compliance with all material laws and regulations which currently apply to its activities. There can be no absolute assurance, however, that all permits which the Company may require for exploration activities and land use will be obtainable on reasonable terms or on a timely basis, or that such laws and regulations will not have an adverse effect on any exploration projects that the Company may undertake.

Human Health

The Company seeks to provide its employees with a safe and healthy workplace. The impact of highly contagious diseases, including the impact of a real or threatened pandemic, can be substantial both to individuals, and organizations. In the event of a disease outbreak, the Company may have to curtail or suspend operations for a period of time. Reduced operations could have varying impact on the Company, depending on the timing and duration of the incident and on other ancillary factors.

Liquidity of Common Shares

There can be no assurance that an active and liquid market for the Company's common shares will develop or continue to exist, and an investor may find it difficult to resell its common shares. In addition, trading in the common shares of the Company may be halted at other times for other reasons, including for failure by the Company to submit documents to the TSX-V in the time periods required.

RISKS AND UNCERTAINTIES (continued)

Global Pandemic (COVID-19)

COVID-19 (the coronavirus) has threatened a slowdown in the global economy as well as caused volatility in the global financial markets. While the full impact of COVID-19 on the global economy is uncertain, rapid spread of COVID-19 may have an adverse effect on the Company's financing capabilities. The extent to which COVID-19 may impact the Company's business will depend on future developments such as the geographic spread of the disease, the duration of the outbreak, travel restrictions and social distancing, business closures or business disruptions, and the effectiveness of actions taken in Canada, the United States and other countries to contain and treat the disease. It is not possible to reliably estimate the length or severity of these developments and their financial impact to the date of approval of the accompanying consolidated financial statements. Should the Company's stock price remain at or below currently prevailing levels for an extended period, this could have a further significant adverse impact on the Company's financial position and results of operations for future periods.

DIRECTORS AND OFFICERS

As of the date of this MD&A, the Company's Directors and Officers were as follows:

Cecil R. Bond – Director, Chair of the Audit Committee
Fletcher Morgan – Chairman of the Board
Tony Barresi – President and Director
Joseph Mullin – CEO and Director
Bryan Wilson – Director
Tim Thiessen – CFO and Corporate Secretary
Dave Fleming – VP Exploration