



MacDonald Mines Exploration Ltd.

Management's Discussion and Analysis

For the years ended December 31, 2019 and 2018

(Expressed in Canadian Dollars)

This Management's Discussion and Analysis ("MD&A") of financial position and results of operations of MacDonald Mines Exploration Ltd. ("MacDonald Mines" or the "Company") has been prepared based on information available to MacDonald Mines as at April 28, 2020 and should be read in conjunction with MacDonald Mines' audited financial statements and related notes as at and for the years ended December 31, 2019 and 2018. The financial statements and MD&A are presented in Canadian dollars and have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of financial statements in accordance with IAS 34, Annual Financial Reporting.

Readers are cautioned that the MD&A may contain forward-looking statements and that actual events may vary from management's expectations. Readers are encouraged to read the "Cautionary Statement on Forward-Looking Information" at the end of this MD&A and to consult MacDonald Mines' audited financial statements for the years ended December 31, 2019 and 2018 and the corresponding notes to the financial statements which are available on our website at www.macdonaldmines.com and on SEDAR at www.sedar.com.

Business Overview and Strategy

MacDonald Mines is a publicly listed corporation trading on the TSX Venture Exchange ("TSXV") under the symbol BMK and is involved primarily in the identification, acquisition and advancement of mineral exploration properties with a focus on mineral exploration projects located in Northern Ontario. MacDonald Mines' mineral properties are currently in the exploration stage. The Company does not operate any mines.

MacDonald Mines' continued operations are dependent upon the ability of the Company to obtain financing for the continued exploration of its mineral properties. The Company has not yet determined whether any of its mineral properties contain mineralization that is economically recoverable.

As of December 31, 2019, the Company had no employees other than the President & Chief Executive Officer and the Chief Financial Officer. Certain professional, administrative and geological services are provided to the Company by independent contractors, including corporations and/or individuals who may be officers or directors of MacDonald Mines.

The long-term business objectives of the Company are to:

1. acquire mineral properties it considers prospective to strengthen its portfolio of properties,
2. advance the geological knowledge of its mineral properties through successive exploration programs, and
3. if deemed advantageous, continue development or dispose of its mineral properties

The value of an exploration property is highly dependent upon the discovery of economically recoverable mineralization, the long-term preservation of the Company's ownership interest in the underlying mineral property, the ability of the Company to obtain the necessary funding to complete sufficient exploration activities on the property, and the prospects of any future profitable production therefrom, or alternatively upon the Company's ability to dispose of its property interests on an advantageous basis.

Risk factors that must be considered in achieving the Company's business objectives include the risk that exploration activities may not result in the discovery of minerals or definition of any mineral resources or reserves, that significant expenses could be required to define mineral reserves, that environmental, land title and competitive issues may prevent the development of any mineral reserves, and that the Company may fail to generate adequate funding to development mineral reserves.

The Company accepts the risks which are inherent to mineral exploration programs and the exposure to the cyclical nature of mineral prices. The Company relies on the geological and industry expertise of its Toronto-based management team and engages sub-contractors to complete certain aspects of its exploration programs.

Corporate Developments

Capital

2019

On August 13, 2019, the Company closed the first tranche of a non-brokered private placement financing for gross proceeds of \$482,000. The Company issued 7,700,000 common share units at a price of \$0.05 per unit and 1,940,000 flow-through common shares at a price of \$0.05 per share. Each common share unit consisted of one common share and one-half of one common share purchase warrant exercisable for a period of two years at an exercise price of \$0.075 per purchase warrant. As part of the financing the Company paid \$10,180 cash commission, issued 28,000 compensation shares to some brokers and issued 140,000 non-transferable compensation options giving the holder the option to acquire the shares for a period of 24 months from the date of issuance at an exercise price of \$0.05 per compensation option. The fair value of the compensation units and the warrants issuable under the financing was \$0.03 per unit. See Note 15(c) of audited financial statements.

On August 13, 2019, the Company issued 800,000 shares in connection with the Jovan and Powerline property acquisitions. The fair value of the shares issued was \$40,000.

On August 15, 2019, the Company issued 3,000,000 shares in connection with the Blueberry property acquisition. The fair value of the shares issued was \$150,000.

On August 26, 2019, the Company closed the second tranche of a non-brokered private placement financing for gross proceeds of \$518,000. The Company issued 10,160,000 common share units at a price of \$0.05 per unit and 200,000 flow-through common shares at a price of \$0.05 per share. Each common share unit consisted of one common share and one-half of one common share purchase warrant exercisable for a period of two years at an exercise price of \$0.075 per purchase warrant. As part of the financing the Company paid \$34,040 cash commission and issued 656,000 non-transferable compensation options giving the holder the option to acquire the shares for a period of 24 months from the date of issuance at an exercise price of \$0.033 per compensation option. The fair value of the compensation options and the warrants issuable under the financing was \$0.046 per unit.

On September 4, 2019, the Company issued 8,000,000 shares in connection with the Currie Rose property agreement. The fair value of the shares issued for the property was \$640,000. 514 Finance Inc. acted as an arms-length advisor for this transaction and the Company issued 2,000,000 common shares for its services. The fair value of the shares issued was \$160,000.

On September 10, 2019, the Company issued 10,000,000 shares in relation to the Northern Sphere property agreement. The fair value of the shares issued was \$900,000.

On October 7, 2019, the Company closed a non-brokered financing for aggregate gross proceeds of \$1,500,000. Pursuant to the Offering, the Company issued 18,750,000 units at a price of \$0.08 per Unit, each such Unit comprised of one Class A common share of the Company and one share purchase warrant. Each Warrant is exercisable to acquire one Common Share for a period of three years from the date of issuance at a price of \$0.11 per share. The Company paid a total of \$10,750 in service fees in connection with the Offering. The fair value of the warrants issued under the financing was \$0.14 per warrant.

On November 8, 2019, the Company issued a total of 2,075,000 shares in connection with the property acquisitions of the Loney property (200,000 shares) and the Golden Copper property (1,875,000 shares). The fair value of the shares issued was \$20,000 and \$187,500 respectively.

On December 18, 2019, the Company closed a non-brokered private placement of 1,480,000 flow-through Class A common shares (the "FT Shares") of the Company, at a price of \$0.125 per FT Share for gross proceeds of \$185,000. In connection with this closing, the Company paid finders fees of \$7,000 and issued 56,000 compensation warrants, with each compensation warrant exercisable to acquire one Class A common share of the Company at a price of \$0.125 per share. The fair value of the compensation warrants issuable under the financing was \$0.05 per warrant. See Note 15(c) of audited financial statements. As a result of the flow-through financing the Company recognized a deferred flow-through premium of \$66,600.

During 2019, the Company granted 3,105,000 stock options to directors, consultants, employees and officers at an exercise price of \$0.10. These five-year options vested immediately upon grant and had a fair value of \$247,489.

During 2019, the Company issued 28,532,000 warrants as part of equity financings at a weighted average exercise price of \$0.11. Also, during the period, 4,981,886 warrants were exercised at a weighted average exercise price of \$0.10 and 14,539,743 warrants expired at weighted average exercise price of \$0.12.

2018

On February 1, 2018, the Company issued 725,000 units pursuant to the Holdsworth Property (See Note 12 – Mineral Properties). Each unit comprised one common share and one share purchase warrant of the Company, with each share purchase warrant having an exercise price of \$0.30 and a 3-year term from the date of issue.

On September 25, 2018, the Company issued 617,882 common shares to settle \$30,894 in connection with the provision for flow-through shares.

On October 5, 2018, the Company issued 500,000 common shares valued at \$20,000 pursuant to the Sudbury properties agreements.

During 2018, the Company granted 2,825,000 stock options to directors, consultants, employees and officers at an exercise price of \$0.09. These five-year options vested immediately upon grant and had a fair value of \$133,454.

During 2019, the Company issued 750,000 warrants as part of equity financings at a weight average exercise price of \$0.30

Exploration Activities and Property Acquisitions

Scadding-Powerline-Jovan (“SPJ”) Project

The SPJ properties consists of the Scadding, Powerline, Jova, Blueberry, Loney and Golden -Copper properties.

On April 24, 2019, the Company signed definitive agreements with both Northern Sphere Mining Corp. (“Northern Sphere”) and Currie Rose Resources Inc. (“Currie Rose”), to purchase a 100% interest in the leases comprising the Scadding Mine, as well as additional mineral claims that surround the permitted Scadding Mine site (collectively, the “Scadding Mine”), which is located east of Sudbury in Northern Ontario. The Scadding Mine is located in Scadding Township near the Wanapitei – Ashigami Lakes district, 40 kilometres east of Sudbury, Ontario. The site was initially mined by Northgate Exploration in the 1980’s.

To acquire Northern Sphere’s 51% interest in the Scadding Mine and 100% interest in the surrounding claims, the Company will:

- issue 10,000,000 of the Company’s common shares upon transfer of title; - the shares were issued on September 10, 2019 at a fair value of \$900,000.
- make a \$100,000 cash payment; - the Company paid \$100,000 to Northern Sphere on closing of transaction
- incur \$300,000 in eligible exploration expenditures in the 12-month period following acquisition of the Scadding Mine.

The agreement with Northern Sphere is subject to both a standstill clause and voting requirements.

To acquire Currie Rose’s 49% interest in the Scadding Mine, BMK, will:

- issue 8,000,000 of the Company’s common shares; - the shares were issued on September 4, 2019 at a fair value of \$640,000.
- make a \$50,000 cash payment on transfer of title; - \$50,000 was paid on closing of transaction
- incur \$1.5M of eligible exploration expenditures on the leases partially comprising the Scadding Mine over a three-year period.

As part of the agreement, Currie Rose retains a 3% Net Smelter Return (“NSR”) on the property. Upon reaching commercial production, the Company agrees to pay Currie Rose \$2,000,000 in exchange for a reduction of the NSR

to 2.5%. An additional 1% of the NSR can be bought back for \$1,000,000. 514 Finance Inc. acted as an arms-length advisor to the Company for this transaction and received 2,000,000 common shares of the Company.

On July 9, 2019, the Company announced the expansion of its SPJ Property located near Sudbury, Ontario. The Company has staked 14 claims and purchased an additional 130 claims. To acquire a 100% interest in the claims owned by Blueberry Development, MacDonald Mines agreed to pay the seller \$50,000 in cash and issue 3,000,000 Common Shares. The deal closed on August 15, 2019 with the fair value of the shares issued of \$150,000.

On September 2, 2019, the Company entered into an agreement with Klondike Bay Resources (Loney Property) to acquire a 100% interest in 151 claims in the Wanapitei Lake area, 33 kilometres northeast of Sudbury, Ontario. The claims are contiguous to MacDonald's property and cover prospective extensions of the gold-rich Iron-Oxide-Copper-Gold ("IOCG") system identified at the Scadding Mine. The consideration payable by the Company is payable as follows:

- \$20,000 and 200,000 shares on signing of the agreement,
- \$30,000 and 300,000 shares on or before First Anniversary of the Agreement
- \$30,000 and 250,000 shares on or before Second Anniversary of the Agreement

The Company made a cash payment of \$20,000 upon signing the definitive agreements. On November 8, 2019, the Company issued 200,000 common shares. The fair value of the shares issued was \$20,000.

On October 2, 2019, the Company entered into an agreement with Golden Copper Corp. to purchase a 100% interest in 38 mining claims located 35 kilometres from downtown Sudbury, Ontario. The Company made a cash payment of \$5,000 upon signing the definitive agreements. On November 8, 2019, the Company issued 1,875,000 common shares. The fair value of the shares issued was \$187,500.

The new claims add to MacDonald's large SPJ Property package and cover prospective extensions of the potential IOCG system identified at the Scadding Mine. The Scadding Mine produced 914 kilograms of gold from 127,000 tonnes of mineralized material grading 7.2 g/t (OFR 5771) and the large land package surrounding the mine has also yielded multiple discovery areas to explore – including significant showings of copper, cobalt, nickel and silver in addition to high-grade gold.

The following table summarizes the cumulative exploration and evaluation expenditures the Company has incurred on its various properties:

December 31, 2019

	SPJ	Holdsworth	Charlevoix	Other	Total
Balance, January 1 2019	\$ 551,718	\$ 3,210,668	\$ 689,218	\$ 9,969,663	\$ 14,421,266
Property acquisition costs	2,257,353	-	-	-	2,257,353
Exploration expenditures	1,144,498	18,529	-	-	1,163,027
Balance, December 31, 2019	\$ 3,953,569	\$ 3,229,196	\$ 689,218	\$ 9,969,663	\$ 17,841,646
Balance, January 1, 2018	\$ -	\$ 2,994,174	\$ 687,060	\$ 9,824,922	\$ 13,506,156
Property acquisition costs	57,500	-	-	-	57,500
Exploration expenditures	494,218	216,494	2,158	144,741	857,610
Balance, December 31, 2018	\$ 551,718	\$ 3,210,668	\$ 689,218	\$ 9,969,663	\$ 14,421,266

Outlook

In the spring of 2019, the Company acquired the Scadding Mine, located in the Scadding Township near the Wanapitei – Ashigami Lake district, 40 kilometres east of Sudbury, Ontario. In the late summer of 2019, the Company purchased an additional 151 claims in the Wanapitei Lake area, 33 kilometres east of Sudbury, Ontario. The additional claims expand the SPJ property to the north and east of the existing property boundaries. With the purchase of the Scadding Mine and the acquisition of additional prospective target ground the Company controls 18,340 hectares (as of April 28, 2020) on its SPJ Project, east of Sudbury, Ontario that is an under-explored, polymetallic gold district that exhibits similarities to the Idaho Cobalt Belt with IOCG-like mineralization.

The summer 2019 exploration program was executed with regional prospecting on the SPJ Property, focusing on understanding the geological controls on mineralization in the area. The inaugural drill program on the SPJ Project commenced during the summer and is focused on confirming and expanding zones of high-grade gold mineralization in the Scadding deposit. To date 37 drill holes have been completed for a total of 6,033 meters.

Highlights of drill program to date:

Hole	From (m)	To (m)	From (m)	To (m)	Length (m)*	Gold (g/t)
SM-19-001	8.67	15.88			7.21	11.2
	Including		14.95	15.88	0.93	77.2
	25.20	30.71			5.51	5.7
	Including		27.31	28.71	1.40	17.2
	37.84	50.11			12.27	52.0
	Including		45.95	46.70	0.75	361.2
	Including		46.70	47.85	1.15	179.2
Including		47.85	48.90	1.05	136.5	
SM-19-002	21.20	27.83			6.63	9.7
	Including		23.74	24.72	0.98	39.0
	32.34	38.77			6.43	3.4
	Including		37.00	37.93	0.93	13.4
	43.15	47.63			4.48	6.0
Including		43.15	44.02	0.87	23.2	
SM-19-003	27.88	34.02			6.14	11.1
	Including		31.42	32.20	0.78	38.8
	127.07	128.87			1.80	3.3
SM-19-004	11.20	13.20			2.00	7.4
	73.75	75.12			1.37	3.0
	83.91	84.75			0.84	20.4
SM-19-005	49.50	50.33			0.83	13.4
	59.67	60.35			0.68	1.8
	73.13	74.00			0.87	40.6
	106.20	107.20			1.00	15.2
SM-19-006	284.78	287.33			2.55	1.2
	296.21	300.44			4.23	1.3
SM-19-007	236.20	237.32			1.12	
SM-19-008	129.16	130.00			0.84	21.6
	134.31	135.16			0.85	4.2

	154.16	156.36		2.20	1.1	
	179.10	186.13		7.03	0.5	
SM-19-009	6.19	10.00		3.81	1.0	
	21.80	22.80		1.00	0.4	
	24.80	25.80		1.00	0.7	
	35.45	36.47		1.02	0.5	
	134.00	135.05		1.05	1.7	
	165.08	166.00		0.92	3.4	
SM-19-010	195.05	207.55		12.50	0.5	
	Including		195.66	196.66	1.00	2.2
	244.10	250.62		6.52	0.4	
SM-19-011	21.47	22.45		0.98	1.7	
SM-19-012	49.70	54.63		4.93	9.5	
	Including		51.50	52.00	0.50	35.8
	Including		54.19	54.63	0.44	24.1
	71.80	74.77		2.97	1.7	
	89.64	93.50		3.86	4.2	
	105.90	115.33		9.43	4.1	
	Including		109.97	110.87	0.90	9.2
SM-19-013	44.65	48.16		3.51	0.7	
SM-19-014	50.42	54.95		4.53	4.3	
	Including		52.75	53.92	1.17	8.8
SM-19-015	29.20	30.25		1.05		
	70.00	71.18		1.18		
SM-19-016	53.15	56.93		3.78	0.8	
	91.26	99.11		7.85	12.1	
	Including		97.10	98.10	1.00	71.1
SM-19-017	68.34	80.00		11.66	2.7	
	Including		73.00	74.37	1.37	13.4
SM-19-018	31.45	32.52		1.07	4.0	
SM-19-019	No significant value (missed zone because of drilling orientation)					
SM-19-020	68.50	81.70		13.20	0.1	
	Including		69.70	71.90	2.20	0.1
	Including		79.38	81.70	2.32	0.2
SM-19-021	34.32	35.44		1.12	0.3	
	64.98	67.00		2.02		
SM-19-022	16.00	20.98		4.98	11.0	
	Including		19.99	20.98	0.99	20.5
	23.00	25.00		2.00	0.7	
	28.00	42.20		14.20	10.8	
	Including		34.00	34.95	0.95	70.8
	Including		38.37	39.27	0.90	28.7
	55.36	56.40		1.04	0.1	
SM-19-023	No significant value (intersected Sudbury diabase dyke)					

SM-19-024	11.90	21.21		9.31	0.7	
	Including		17.03	18.06	1.03	2.9
	156.00	166.00		10.00	0.5	
	Including		159.02	160.95	1.93	1.3
	199.92	201.85		1.93	0.1	
SM-19-025	10.26	14.80		4.54	5.5	
	Including		12.00	14.80	2.80	7.7
	20.50	22.14		1.64	0.8	
	87.57	89.50		1.93	2.4	
SM-20-026	71.00	73.96		2.96	420.6	
	Including		71.00	72.07	1.07	25.7
	Including		72.07	73.00	0.93	342.5
	Including		73.00	73.96	0.96	936.3

Assays for certain remaining unreleased holes are pending or being re-sampled due to nugget effects. A nugget effect results when a small sampling size fails to adequately represent the composition of the core tested due to the non-uniform distribution of high-grade gold nuggets in the material sampled. MacDonald's methodology to eliminate bias has been to always send the same side of the split core for assay – regardless of where any potential visible gold is noted. By analyzing the other half of the core of hole SM-19-022, for example, and by averaging the grade of both halves, the gold grade of the intersection increased by more than 35%.

We believe the Scadding site is associated with an albitization event that occurred between 1690Ma – 1700Ma. This resulted in sodic alteration which was not always recognized and often confused with quartzite, silicification and chert. Very intense sodic alteration led to the formation of albitites with Na₂O reaching 10 wt. %. We believe the sodic alteration zones preferentially host zones of polymetallic gold mineralization (Au, Co, Ni, Ag, Re).

This is an atypical style of gold mineralization in a Canadian context and the structural complexity of mineralized zones, uncertainty on the locations of historic collars and workings along with historic data processing and database mistakes all hindered previous exploration efforts. We are currently working on establishing predictive models utilizing our drilling results and geophysical data sets to target drill holes and model the lithologic controls with the intent of producing a 43-101 resource at some point once a critical volume is achieved.

In October 2019, the Company filed on SEDAR a National Instrument 43-101 technical report for the SPJ Project. The report highlights recent high-grade gold results from the ongoing drill program and outlines recommended exploration work going forward.

The Company continues to identify and analyze, potential new prospective projects to acquire in Canada and recently completed a private placement to fund the Company's exploration activities.

Results of Operations

Q4 2019

The Company realized a net loss of \$2,040,945 (Q4 2018 – loss of \$575,672) due to a significant increase in exploration activities.

The Company incurred \$1,629,510 in exploration expenditures in Q4 2019 (Q4 2018 - \$579,195), due to an increase in activity on the SPJ property. \$207,500 of this expenditure amount relates to shares issued in relation to the acquisition of the Loney property and the Golden Copper property.

Salaries, professional and consulting fees were \$68,333 (Q4 2018 - \$12,232) for the fourth quarter of 2019 due to an increase in external support.

Shareholder communication expenses totaled \$146,834 (Q4 2018 – \$20,966) which included filing and listing, transfer agent and investor relation fees. The increase is due to more shareholder and investor related activities.

During the three months ended December 31, 2019, \$26,669 (Q4 2018 - \$86,618) was recognized relating to a deferred flow-through premium.

Fiscal 2019

For 2019 the Company realized a net loss of \$4,281,637 (2018 - \$1,382,729) due to an increase in property acquisition costs, exploration activities, salaries, professional and consulting fees, shareholder communication and share based compensation.

Exploration expenditures increased to \$1,163,027 in 2019 (2018 - \$857,610) and property acquisition costs increased to \$2,257,353 (2018 - \$57,500) as indicated in the table in the section “*Corporate Developments*”. Exploration expenditures were significantly higher compared to 2018 due to an increase in exploration activity during the year 2019 on the SPJ property.

Salaries, professional and consulting fees were \$296,356 in 2019 (2018 - \$146,107) due to an increase in personnel and the hire of direct consultants during the year.

Shareholder communication expenses were \$221,853 (2018 - \$163,474) with the increase due to higher investor relation activity and shareholder filing fees associated with the three private placements that occurred during the year.

The Company recorded \$247,489 (2018 - \$175,330) in share-based compensation resulting from the granting of 3,105,000 stock options (2018 - 2,825,000) to officers, directors and consultants.

During the year ended December 31, 2019, \$26,669 (2018 - \$89,509) was recognized relating to a deferred flow-through premium recognized from the December 2019 private placement.

Summary of Quarterly Information
(Expressed in Canadian dollars)

	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Statement of Loss and Comprehensive Loss				
Exploration expenditures	1,629,510 \$	1,624,293 \$	146,575 \$	20,002
Share-based payments	247,489	-	-	-
Net (loss) income	(2,040,945) \$	(1,936,402) \$	(205,922)	(98,368)
Basic and diluted loss per share	(0.02) \$	(0.02) \$	(0.00) \$	(0.00)
Statement of Financial Position				
Cash & cash equivalents	847,448 \$	700,038 \$	474,127 \$	457,145
Total assets	1,335,729	766,394	545,784	566,838
Total liabilities	1,499,288	1,744,480	2,106,964	1,922,098
Shareholders' deficit	(163,559) \$	(978,086) \$	(1,561,180) \$	(1,355,260)

	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Statement of Loss and Comprehensive Loss				
Exploration expenditures	579,195 \$	146,656 \$	63,074 \$	126,185
Share-based payments	-	151,448	-	23,882
Net (loss) income	(575,672)	(329,978)	(244,486)	(232,595)
Basic and diluted loss per share	(0.01) \$	(0.00) \$	(0.01) \$	(0.00)
Statement of Financial Position				
Cash & cash equivalents	351,991 \$	483,057 \$	687,914 \$	950,239
Total assets	460,210	540,933	741,706	1,134,989
Total liabilities	1,717,102	1,242,155	1,295,293	1,444,089
Shareholders' deficit	(1,256,892) \$	(701,222) \$	(553,586) \$	(309,100)

Mineral Properties

SPJ Property

On April 24, 2019 the Company signed definitive agreements with both Northern Sphere Mining Corp. (“Northern Sphere”) and Currie Rose Resources Inc. (“Currie Rose”), to purchase a 100% interest in the leases comprising the Scadding Mine, as well as additional mineral claims that surround the permitted Scadding Mine site (collectively, the “Scadding Mine”), which is located east of Sudbury in Northern Ontario. The Scadding Mine is located in Scadding Township near the Wanapitei – Ashigami Lakes district, 40 kilometres east of Sudbury, Ontario. The site was initially mined by Northgate Exploration in the mid-1980’s. Please see page 4 “Exploration Activities and Property Acquisitions for detailed terms of purchase.

As part of the agreement, Currie Rose retains a 3% NSR on the property. Upon reaching commercial production, the Company agrees to pay Currie Rose \$2,000,000 in exchange for a reduction of the NSR to 2.5%. An additional 1% of the NSR can be bought back for \$1,000,000. 514 Finance Inc. acted as an arms-length advisor for this transaction and the Company issued 2,000,000 common shares for its services. The fair value of the shares issued were \$160,000.

On July 9, 2019, the Company entered into agreement with Blueberry Cobalt Project Corp. to purchase a 100% interest in certain claims located in greater Sudbury, Ontario. In consideration for the purchase of the mining claims the Company paid \$50,000 in cash and issued 3,000,000 common shares. The fair value of the shares issued was \$150,000.

On September 2, 2019, the Company entered into an agreement with Klondike Bay Resources to acquire a 100% interest in 151 claims in the Wanapitei Lake area, 33 kilometres northeast of Sudbury, Ontario. The claims are contiguous to MacDonald’s property and cover prospective extensions of the gold-rich IOCG system identified at the Scadding Mine. Please see page 4 “Exploration Activities and Property Acquisitions for terms of purchase for detailed terms of purchase.

On October 2, 2019, the Company entered into an agreement with Golden Copper Corp. to purchase 100% interest in 38 mining claims located 35 kilometres from downtown Sudbury, Ontario. The new claims add to MacDonald’s large SPJ Property package and cover prospective extensions of the potential IOCG system identified at the Scadding Mine. Please see page 4 “Exploration Activities and Property Acquisitions” for terms of purchase.

On July 18, 2018, the Company announced it acquired an option to earn 100% interests in the Jovan and Powerline properties. The purchase price was structured to be payable over a three-year period and included cash payments totaling \$225,000, the issuance of commons shares valued at \$180,000 and the commitment to spend up to \$800,000 in exploration activities. The Company made a cash payment of \$37,500 upon signing the definitive agreements. On October 5, 2018, the Company issued 500,000 common shares valued at \$20,000 pursuant to the definitive agreement. On August 14th, 2019 in accordance with agreement the Company issued 800,000 common shares, valued at \$40,000 and paid \$45,500 cash.

Holdsworth Property

On December 7, 2016 (“the “Effective Date”), the Company entered into an Option and Joint Venture (“JV”) agreement (“the Option Agreement”) with Noble Mineral Exploration Inc. (“Noble”) to advance exploration on Noble’s Wawa-Holdsworth Gold and Silver Project (the “Holdsworth Project”) located 25 kilometres northeast of Wawa, Ontario. Subject to the terms and conditions of the Option Agreement, the Company will have the right to earn up to an undivided 75% interest in the Project, comprising of a first option to earn a 51% base interest and a second option to earn an additional 24% interest. The property covers 18 contiguous patented mining claims covering approximately 285 hectares.

To earn an initial 51% undivided interest (“the Base Interest”) in the Holdsworth Project, the Company issued 2,500,000 of its Class A Common Shares and 2,500,000 share purchase warrants to Noble and must incur a minimum of \$1,200,000 in expenditures in the 18-month period following the Effective Date. The share purchase warrants have an exercise price of \$0.15 and expire 3 years from the date of issue. The Company issued the common shares and share purchase warrants on January 12, 2017. To earn the additional 24% undivided interest, the Company shall incur a further \$1,000,000 of expenditures on or before the second anniversary of the date the 51% interest is exercised, and the Base Interest is earned and make a payment of \$100,000 to Noble.

On May 3, 2017, the Option Agreement was replaced with a purchase agreement whereby the Company agreed to acquire the Holdsworth Project from Noble (the "Purchase Agreement"). The purchase price comprised the following: (i) 5,500,000 units of the Company; (ii) the granting a 1.5% net smelter return royalty in favour of Noble and (iii) the payment of the equivalent of 5,000 ounces of gold once a mineral reserve or resource has been identified compliant with National Instrument 43-101 guidelines. Each unit shall comprise one common share and one share purchase warrant of the Company, with each share purchase warrant having an exercise price of \$0.30 and a 3-year term from the date of issue. The Purchase Agreement supersedes the Option Agreement. Payment of the 5,500,000 units shall be issued in tranches to ensure Noble's shareholdings in the Company does not exceed 9.9%.

On October 25, 2018 the Company announced that it had elected to cease any further work at its Wawa-Holdsworth Project and rather focus its efforts on the Jovan and Powerline properties. The remaining shares and warrants will no longer be issued under the purchase agreement.

As at December 31, 2019, the Company has issued 5,225,000 units to Noble under the Purchase Agreement.

Charlevoix - Silica Property

On November 18, 2016, the Company entered into a purchase agreement with 9019-5504 Quebec Inc. to acquire a 100% interest in certain 6 mining claims located in the Province of Quebec known as the Charlevoix Silica Property. In consideration for the purchase of the mining claims, the Company issued 9,000,000 common shares on January 12, 2017 valued at \$0.07 per share.

McFaulds Lake and Area Properties

The Company has held property in this region of northern Ontario since 2004 and is subject to net smelter royalties ("NSR") on certain claims.

On August 5, 2016, the Company entered into an agreement with Noront Resources Ltd. ("Noront") to sell 75% interest of certain lands in the property through the issuance of 2,318,393 common shares of Noront at a deemed value of \$750,000. On the date of the transaction, the fair value of the shares received was \$799,846. The Company has a 25% carried interest in the property until such time as an Inferred Mineral Resource has been filed on the property by Noront in accordance with NI43-101, at which time ("the Notification Date") a Joint Venture shall automatically be deemed to be formed between Noront and the Company.

The Company shall have twenty business days following the Notification Date (the "Conversion Right Exercise Period") in which to make a one-time election to transfer its 25% carried interest in the Property to Noront in exchange for a 1% NSR on the property. If the Company fails to exercise the Conversion Right within the Conversion Right Exercise Period,

Noront shall have the option (the "Buy-Back Option"), exercisable for twenty days following the expiry of the Conversion Right Exercise Period, to elect to purchase the Company's 25% carried interest in the Property for a purchase price of \$3,000,000 (the "Buy-Back Purchase Price"), payable in cash or Noront shares at the option of Noront.

During the year ended December 31, 2016, the Company completed a Mineral Property Acquisition Agreement with KWG Resources Inc. ("KWG") to sell the mineral claims known as the Hornby Property. In consideration of the claims sold, KWG issued 4,000,000 of its common shares to the Company. On the date of the transaction, the fair value of the shares received was \$78,600. The Company retains a 2% net smelter return ("NSR") on the Hornby Property. KWG can purchase one percent (1%) of the NSR, at any time prior to commencement of production from the claims, by making a cash payment of \$1,000,000 to the Company. KWG retains the first right of refusal to purchase the NSR on similar transaction terms should the Company, at its sole discretion, elect to sell the entire (or any part) of the 2% NSR to a bona-fide third party.

Liquidity and Capital Management

Cash flow (used in)/provided by for the years ended December 31, 2019 and 2018 was as follows:

	For the three months ended December 31,		For the year ended December 31,	
	2019	2018	2019	2018
Net cash used in operating activities	\$ (745,061)	\$ (131,065)	\$ (2,601,124)	\$ (751,177)
Net cash (used in) provided by investing activities	-	-	-	(13,302)
Net cash (used in) provided by financing activities	\$ 2,082,472	\$ -	\$ 3,096,581	\$ (57,801)

As of December 31, 2019, the Company had a working capital deficit of \$170,406 (2018 -\$1,279,876).

There were no changes in the Company's approach to capital management during the year ended December 31, 2019.

In managing liquidity, the Company's primary objective is to ensure the entity can continue as a going concern while raising additional funding to meet its obligations as they come due. The Company's operations to date have been funded by issuing equity.

The Company's investment policy is to invest excess cash in very low risk financial instruments such as term deposits or by holding funds in high yield savings accounts with major Canadian banks. Financial instruments are exposed to certain financial risks, which may include currency risk, credit risk, liquidity risk and interest rate risk.

The Company's mineral property interests are all in the exploration stage, as such the Company is dependent on external financing to fund its exploration activities and administrative costs. Management continues to assess the merits of mineral properties on an ongoing basis and may seek to acquire new properties or to increase ownership interests if it believes there is sufficient geologic and economic potential.

Management mitigates the risk and uncertainty associated with raising additional capital in current economic conditions through cost control measures that minimizes discretionary disbursements and reduces exploration expenditures that are deemed of limited strategic value.

The Company manages the capital structure (consisting of shareholders' deficit) on an ongoing basis and makes adjustments in response to changes in economic conditions and risks characteristics of its underlying assets. Adjustments to the Company's capital structure may involve the issue of new shares, issue of new debt, acquisition or disposition of assets, or adjustments to the amounts held in cash, cash equivalents and short-term investments.

The Company is not subject to any externally imposed capital requirements other than flow-through spending.

Related Party Transactions

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. Key management personnel include the Board of Directors and the executive management team. The executive management team comprises the President and Chief Executive Officer and Chief Financial Officer.

Compensation for key management personnel of the Company was as follows:

	2019	2018
Short-term benefits ⁽¹⁾	117,906	96,638
Share-based payments ⁽²⁾	135,501	125,847
	253,407	222,485

⁽¹⁾ Includes salary and profession fees

⁽²⁾ Represents the expense of stock options vested during the year.

As of December 31, 2019, the following related party balances were outstanding:

Included in taxes and other receivables is an amount of \$251,497 (2018 – \$Nil) related to exploration, rent and general & administrative charges from companies under common management. Accounts payable and accrued liabilities was \$74,461 (2018 – \$216,004).

During the year ended December 31, 2019, the Company made a payment of \$204,383 to a Company under common management as repayment for a loan with a principal amount of \$200,000 and accrued interest of \$4,383. The Company also loaned \$250,000 to a Company under common management which was paid back subsequent to the year end. Included in accounts payable and accrued liabilities at December 31, 2019 is \$34,917 (2018 - \$Nil) owing to a corporation controlled by a former officer of the Company. The amount is unsecured, non-interest bearing with no fixed terms of repayment. During the year ended December 31, 2019, the Company incurred a total of \$101,873 for costs of services to same said corporation.

Outstanding Share Data

MacDonald Mines is authorized to issue an unlimited number of common shares.

As of April 28, 2020, the number of common shares outstanding or issuable pursuant to other outstanding securities is as follows:

Common Shares	Number
Outstanding	171,392,976
Issuable upon the exercise of share purchase warrants ⁽¹⁾	38,392,963
Issuable upon the exercise of stock options ⁽²⁾	11,285,000
Fully diluted common shares	221,070,939

(1) There were 38,392,963 share purchase warrants outstanding with exercise prices ranging from \$0.05 to \$0.30 per warrant.

(2) There were 11,285,000 stock options under the Company's Stock Option Plan outstanding to directors, officers and consultants with exercise prices ranging from \$0.08 to \$0.18 per share.

Critical Accounting Estimates

The preparation of financial statements in accordance with IFRS requires management to make judgement, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Judgements, estimates and assumptions are continuously evaluated and are based on management's best knowledge of the relevant facts and circumstances, having regard to previous experience. However, actual outcomes may differ from the amounts included in the financial statements.

The Company's significant accounting policies and estimates are disclosed in Notes 2 and 3 of the Company's 2019 audited financial statements.

New Standard Adopted by the Company

The following accounting standard was adopted by the Company as of January 1, 2019. The impact of the adoption of this standard is disclosed below:

IFRS 16 – Leases (“IFRS 16”)

IFRS 16 became effective for the Company on January 1, 2019 and replaced IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length and for assets of low value, IFRS 16 states that upon lease commencement a lessee recognizes a right-of-use asset and a lease liability. The right-

of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application.

IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The adoption of IFRS 16 did not have any impact on the Company's financial statements as it did not have any leases in place.

Off Balance Sheet Arrangements

The Company does not have off-balance sheet arrangements including any arrangements that would affect the liquidity, capital resources, market risk support and credit risk support or other benefits.

Dividends

The Company has neither declared nor paid any dividends on its Common Shares. The Company intends to retain its earnings, if any, to finance growth and expand its operations and does not anticipate paying any dividends on its common shares in the foreseeable future.

Internal Controls Over Financial Reporting

The Company has established procedures and internal control systems to ensure the timely and accurate preparation of financial, management and other reports. The Chief Executive Officer and Chief Financial Officer certify financial reports. Disclosure controls are in place to ensure all reporting meets statutory reporting requirements. The Company's management is responsible for establishing and maintaining adequate internal controls. These controls have been designed to provide reasonable, but not absolute, assurance with respect to the Company's financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Internal controls, however well-conceived, will provide only reasonable and not absolute assurance that the objectives of the internal controls over financial reporting will be met. It should not be expected that the disclosure and internal controls and procedures would prevent all errors or fraud.

Due to the small size of the Company's finance department, there are a limited number of personnel handling accounting and financial matters and as a result, there is a lack of segregation of duties. Management believes that it has designed sufficient compensating internal controls to mitigate these limitations, including dual signatories on all cheques. Additional internal controls include audit committee and senior management review and oversight.

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable, but not absolute, assurance that all material information is obtained, analyzed and reported to senior management on a timely basis in order for management to make reasonable decisions regarding public disclosure.

The Company's certifying officers, the Chief Executive Officer and the Chief Financial Officer, have reviewed the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on their review, they have concluded that the Company's disclosure controls and procedures, as defined in National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Filings of the Canadian Securities Regulators, were effective as at December 31, 2019 and provide reasonable assurance that information required to be disclosed in interim, annual and special filings are submitted under Canadian securities laws and are recorded, processed, summarized and reported in a timely fashion.

Other Information

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

Cautionary Statement of Forward-Looking Information

Forward-looking information is broadly defined as disclosures regarding possible events, conditions or financial performance that is based on assumptions about future economic conditions and courses of action and includes future-oriented financial information with respect to prospective financial performance, financial position or cash flows that is presented either as a forecast or a projection.

This MD&A contains forward-looking information and forward-looking statements, including statements relating to going concern and capital raising and capital requirements, that are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated. In some cases, you can identify forward-looking statements by terminology such as “may”, “should”, “expects”, “plans”, “anticipates”, “believes”, “estimates”, “predicts”, “potential” or “continue” or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors that may cause our or our industry’s actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Factors that could cause such differences include: changes in commodity prices, changes in equity markets, changes in costs and supply of materials relevant to the exploration and mine development, changes in governments, changes to government mining regulations as well as numerous other risk factors.

Readers are cautioned not to place undue reliance on forward-looking statements contained within this document, which speak only to the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks and uncertainties, actual events may differ materially from stated expectations. Although the Company believes its expectations are reasonable, results may vary, and the Company cannot guarantee future results, levels of activity, performance or achievements.

Although the Company believes that the assumptions and factors used in preparing the forward-looking information in this MD&A are reasonable, undue reliance should not be placed on such information, which only applies as of the date of this MD&A. The Company disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, other than as required by law.

Subsequent to year-end, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.