

**Contact Gold Corp.**  
(formerly Winwell Ventures Inc.)  
(an exploration-stage company)

**Management Discussion and Analysis**  
**For the six months ended June 30, 2017**

This Management's Discussion and Analysis ("**MD&A**") of Contact Gold Corp. (formerly Winwell Ventures Inc., "**Winwell**") (the "**Company**", or "**Contact Gold**", or "**We**", or "**Our**", or "**Us**") is dated August 28, 2017, and provides an analysis of, and should be read in conjunction with, our unaudited condensed interim financial statements as at and for the six months ended June 30, 2017, and the related notes thereto (together, the "**Interim Financial Statements**"), and other corporate filings, including Schedule "F" to the management information circular of Winwell, dated as of April 25, 2017 (the "**Circular**"), which describe the Transactions (defined herein), and is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

Financial statement information presented herein was prepared using accounting policies in compliance with International Financial Reporting Standards ("**IFRS**"), as issued by the International Accounting Standards Board.

This MD&A contains forward-looking statements that involve numerous risks and uncertainties. The Company continually seeks to minimize its exposure to business risks, but by the nature of its business, activities, and size, will always have some risk. These risks are not always quantifiable due to their uncertain nature. Should one or more of these risks and uncertainties, or those described under the heading "*Risk Factors*" in the Circular, and those set forth in this MD&A under the heading "*Industry and Economic Factors that May Affect our Business*" materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described in forward-looking statements.

Our reporting currency is the Canadian dollar, and all amounts in this MD&A are expressed in Canadian dollars unless otherwise stated. As at June 30, 2017, the indicative rate of exchange, per \$1.00 as published by the Bank of Canada, was US\$0.7706 (approximately US\$0.7448 at December 31, 2016).

#### ***Quarterly highlights and recent developments***

- Closed a reverse take-over ("**RTO**") transaction to establish Contact Gold on June 7, 2017
- Raised \$19.6 million, net of transaction and financing costs on June 7, 2017
- Closed acquisition to acquire the Contact Gold Properties on June 7, 2017
- Trading of Contact Gold's common shares began on the TSX Venture Exchange (the "**TSXV**") under the symbol "C" on June 15, 2017
- Receipt of an approved Notice of Intent ("**NOI**") on July 18, 2017, allowing up to 1.32 acres of new disturbance in the form of access roads and 17 drill pads to facilitate exploration drilling at the Pony Creek property in Elko County, Nevada
- Launched 4,500 metre, Phase 1 2017 drill program at Pony Creek on July 24, 2017

#### ***Outlook***

Exploration activities and the related budget for the remainder of 2017 will focus primarily on the Company's Pony Creek gold project.

An active exploration program is already underway at Pony Creek with one reverse circulation drill ("**RC**") rig and one core drill rig operating primarily in areas of previously drilled gold mineralization which have received limited follow up by previous operators. Phase 1 of the 2017 drill program at Pony Creek includes over 4,500 metres of diamond core and RC drilling through the early Fall. Drilling focus on delineating and expanding existing mineralized zones in the central, northern and eastern areas of the property, with an emphasis on validating gold mineralization within the historic mineral resource area.

A Phase 2 program, including an additional 4,500 metres, is expected to begin mid-October, and continue through the remainder of 2017

Desktop studies and fieldwork, including geophysics, geological mapping, rock and soil sampling, and historic data compilation are also underway. Receipt of initial drill results is expected in September 2017, with planned regular updates to be delivered as programs continue through the remainder of the year.

The combined budget for Phases 1 and 2 is approximately \$4.2 million.

As of the date of this MD&A, Contact Gold has approximately \$10.8 million in working capital available.

## ***The Company***

Contact Gold (Winwell), was incorporated under the Yukon Business Corporations Act on May 26, 2000, and was continued under the *Business Corporations Act (British Columbia)* (the "**Act**") on June 14, 2006. On June 7, 2017, upon closing of the Transactions, the Company completed a legal continuance into the State of Nevada and changed its name to "Contact Gold Corp."

Engaged in the acquisition, exploration and development of exploration properties in Nevada, the Company is domiciled in Canada and maintains a head office in Vancouver, British Columbia, Canada. Contact Gold's common shares began trading on the TSXV under the symbol "C" on June 15, 2017.

## ***The Transactions***

On June 7, 2017, the following transactions closed, pursuant to a court approved statutory plan of arrangement:

### **The Reverse Take-over and financing**

Carlin Opportunities Inc. ("**Carlin**"), a company incorporated in British Columbia on November 23, 2016, closed financings (the "**Financings**") during the six-month period ended June 30, 2017, to raise gross proceeds of \$21,157,000, by issuing 23,815,000 common shares ("**Carlin Shares**"). A total of \$0.95 million in agent and financial advisory fees were paid, and a further \$0.61 million in expenditures were incurred in connection with the Financings.

On June 7, 2017, the Company completed a share consolidation on the basis of one common share of Winwell (a "**New Winwell Share**") for every eight existing common shares of Winwell (the "**Consolidation**"). Pursuant to a post-consolidation adjustment, whereby New Winwell Shares were issued for each whole, consolidated common share held, with fractional shares rounded-down, there were 2,769,486 New Winwell Shares issued and outstanding following the Consolidation.

All of the issued and outstanding Carlin Shares, including 5,000,000 Carlin Shares issued in 2016, were then exchanged for all of the New Winwell Shares (becoming "**Contact Shares**"), and Carlin became a legal subsidiary of Contact Gold.

Following closing of the Share Exchange, there were 31,584,486 Contact Shares issued and outstanding; 91.2% of which were issued to shareholders of Carlin, yielding them control of the Company.

The nature of the transaction constitutes an RTO; accordingly, for accounting and financial reporting purposes, and pursuant to IFRS 3, *Business Combinations* ("**IFRS 3**"), Carlin has been identified as the accounting acquirer and is presented in the Interim Financial Statements as the parent company. The comparative financial information presented herein and in the Interim Financial Statements thus reflects only the assets, liabilities and operations of Carlin since its incorporation.

The transaction was determined not to constitute a business combination since Winwell did not meet the definition of a business under IFRS 3. As a result, the Acquisition was accounted for as a share based transaction, with Carlin being identified as the accounting acquirer, and the transaction being measured at the fair value of the equity consideration deemed to have been issued to the shareholders of Winwell by Carlin.

IFRS 2, *Share-based Payments* ("**IFRS 2**"), applies to transactions where an entity grants equity instruments and cannot identify specifically some or all of the goods or services received in return. Since Carlin shareholders have been issued shares with a fair value in excess of the net assets received, IFRS 2 dictates that the difference is recognized in loss and recognized as an expense related to obtaining a stock exchange listing. Accordingly, the net of the fair value of the consideration paid and the aggregate of Winwell's assets acquired and net liabilities assumed, has been recognized as "listing expense", in the condensed interim consolidated statements of loss and comprehensive loss.

The fair value of the consideration in the RTO is determined by reference to financings completed by Carlin in two tranches, on March 17, 2017, and March 22, 2017 at a price of \$1.00 per Contact Share (the "**SubReceipts Financing**"). The value of the share capital (2,769,486 Contact Shares) owned by the former shareholders of Winwell at the time of the Transactions was thus \$2,769,486.

The fair value of the net assets of the Company, acquired in exchange for all of the issued and outstanding Carlin Shares, are set out as follows:

Cash	\$	361,658
Receivables		14,305
Loan receivable from Carlin		200,000
Payables and accrued obligations		(7,224)
<b>Net assets acquired</b>	<b>\$</b>	<b>568,739</b>

The listing expense is determined as follows:

Number of Contact Shares held by former shareholders of		2,769,486
Price per Contact Share	\$	1.00
<b>Value of consideration</b>	<b>\$</b>	<b>2,769,486</b>
<b>Net assets acquired</b>	<b>\$</b>	<b>568,739</b>
<b>Listing expense</b>	<b>\$</b>	<b>2,200,747</b>

#### Acquisition of Clover

Pursuant to a securities exchange agreement, dated December 8, 2016, amended on January 31, 2017, and with effect of June 7, 2017 (the "**Exchange Agreement**"), Contact Gold also acquired Clover Nevada II LLC ("**Clover**"), the entity that holds the Contact Gold Properties from Waterton Nevada Splitter, LLC ("**Waterton Nevada**"), a limited liability company of which Waterton Precious Metals Fund II Cayman, LP ("**Waterton**") is the sole member.

Consideration paid, and the values thereof, has been accounted for as follows:

- \$7 million in cash (the "**Cash Payment**")<sup>1</sup>;
- \$14,987,020 in preferred shares of Contact Gold ("**Contact Preferred Shares**"); and
- 18,550,000 (valued at \$18,550,000) Contact Shares.

(the transaction to acquire Clover, being the the "**Asset Acquisition**", and together with the RTO, the "**Transactions**")

In accordance with IFRS 3, a business combination is a transaction in which an acquirer obtains control of a business which is defined as an integrated set of activities and assets that are capable of being conducted and managed to provide a return to investors. For an integrated set of activities and assets to be considered a business, the set needs to contain inputs and processes.

The Asset Acquisition does not meet the definition of a business combination as (i) the Contact Gold Properties are at the exploration stage with no defined mineral reserves, and (ii) neither Contact nor Clover contain any business processes, thus not meeting the definition of a business. Consequently, the transaction was accounted for as an acquisition of an asset.

The total of consideration paid and transaction costs incurred was allocated to the assets acquired based on relative fair values.

The Company has elected to capitalize mineral property acquisition costs and expense exploration expenses as incurred. Through to the closing date of the Asset Acquisition, and in addition to the Advance Cash Payment, the Company had deferred \$586,073, in expenditures to acquire Clover ("**Acquisition Costs**"). Acquisition Costs comprise primarily legal and advisory fees, and internal due diligence costs, and have been allocated to the respective Contact Gold Properties.

---

<sup>1</sup> \$200,000 of which had been advanced on in 2016 as a non-refundable deposit (the "**Advance Cash Payment**"), and is included in the comparatives balances presented in the Interim Financial Statements as a component of Deferred Acquisition Costs.

A summary of the fair value of the assets acquired and consideration paid is as follows:

**Assets acquired and liabilities assumed:**

Prepaid expenses	\$ 149,724
Contact Gold Properties	40,973,369
Net current liabilities	- nil
	\$ 41,123,093

**Consideration paid:**

Cash	\$6,800,000
Advance	200,000
Issuance of Contact Shares	18,550,000
Issuance of Contact Preferred Shares	14,987,020
Acquisition costs	586,073
	\$ 41,123,093

Pursuant to an assessment of the fair values of the respective properties acquired, total consideration paid, including the aggregate value of the Acquisition Costs, was attributed to the respective Contact Gold Properties, as outlined in this MD&A under heading "*Mineral Properties*".

***Mineral Properties***

The Contact Gold Properties, are located on Nevada's Carlin, Independence, and Northern Nevada Rift gold trends. The 24,772 hectares (247 square kilometres) of target rich mineral tenure, hosts numerous known gold occurrences in Carlin-type gold systems, ranging from early to advanced exploration and resource definition stage. None of the Company's properties have any known body of commercial ore or any established economic deposit; all are currently in the exploration stage.

The value attributed to each of the Contact Gold properties is as follows:

	Consideration paid	Acquisition costs	Total
	\$	\$	\$
Pony Creek	27,147,164	188,226	27,335,390
Dixie Flats	3,412,500	66,625	3,479,125
North Star	608,400	11,878	620,278
Portfolio			
Cobb Creek	114,807	10,812	125,619
Dry Hills	441,650	20,381	462,031
Golden Cloud	1,235,025	37,995	1,273,020
Hot Creek	114,950	5,305	120,255
Rock Creek	4,138,200	127,311	4,265,511
Rock Horse	850,850	39,264	890,114
Santa Reina	1,282,875	39,467	1,322,342
Sno	358,600	16,549	375,149
Wilson Peak	599,775	18,452	618,227
Woodruff	82,500	3,808	86,308
<b>Total</b>	<b>40,387,296</b>	<b>586,073</b>	<b>40,973,369</b>

The allocation of total consideration paid, including the value of directly attributable acquisition costs was made generally reflective of each property's relative size.

The Contact Gold Properties are all early stage and do not contain any mineral resource estimates as defined by National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("**NI 43-101**"). There has been insufficient exploration to define a mineral resource estimate on any of the Contact Gold Properties. It is uncertain if further exploration will result in targets on any of the Contact Gold Properties being delineated as a mineral resource.

Additional information about Pony Creek and an overview of the other Contact Gold Properties is summarized in the Circular, and the NI 43-101 Technical Report entitled "*Technical Report on the Pony Creek Gold Project, Elko County, Nevada, USA*" (the "**Technical Report**"), prepared for Contact Gold, with an effective date of March 15, 2017, and dated April 18, 2017, as prepared by Michael M. Gustin, C.P.G. of Mine Developments Associates of Reno, Nevada, and can be viewed under Contact Gold's issuer profile on SEDAR at [www.sedar.com](http://www.sedar.com).

Certain Contact Gold Properties that management expects will be of immediate focus include:

a) Pony Creek

The Pony Creek project is located within the Pinion Range, in western Elko County, Nevada, south of Gold Standard Ventures' ("**GSV**")'s Railroad-Pinion project ("**Pinion**").

Since acquisition through June 30, 2017, Pony Creek has been the subject of the Company's exploration efforts, with the engagement of consultants and contractors, and the dedicated involvement of Contact Gold's technical team. Expenditures and activities focused on development of drill targets of the highest priority, and the submission of a Notice of Intent such that a drill program, including road and drill pad construction would be allowed to disturb up to 1.32 acres on the property. There is an extensive network of historic roads and reclaimed drill pads off of which the Company expects to be able to undertake some of its planned 2017 program, thus avoiding causing any new disturbance.

Desktop studies and fieldwork, including geophysics, mapping, rock and soil sampling, and historic data compilation were also initiated in the short period from closing of the transactions to June 30, 2017.

Prior to year end we expect to begin preparation of a Plan of Operations for up to 60 acres of additional disturbance on the property, including completion of required cultural, biological and other required baseline surveys.

There is a 3% net smelter returns royalty ("**NSR**") on the Pony Creek property, 1% of which can be bought-back for USD 1,500,000. This royalty reduction option expires on February 7, 2020.

b) Dixie Flats

The Dixie Flats property sits approximately 2.5 kilometres to the east and south of Newmont Mining's Emigrant Mine, in western Elko County, Nevada. The Company had not begun any active program on Dixie Flats through period end. Accordingly, to date there has been little expenditure thereon. There is a 2% NSR on the Dixie Flats property, 1% of which can be bought-back for USD 1,500,000.

c) North Star

The North Star property is located 1.5 kilometres north of GSV's Dark Star deposit in western Elko County, Nevada. The Company has begun desktop and data review for the exploration potential at North Star. To date there has been little expenditure thereon. There is a 3% NSR on the North Star property.

d) Cobb Creek

The Company holds a 49% interest in the Cobb Creek property pursuant to a partnership agreement dated October 23, 2002 that stipulates that the Company and the 51% counterparty, a private individual (the "**Cobb Counterparty**"), own the claims, related assets and rights as tenants-in-common. Subject to certain conditions prescribed in the agreement, the Cobb Counterparty has the authority to negotiate leases/option agreements and other efforts to market the property. Cost and responsibility to maintain title to the properties is shared pro rata to each of the party's respective interest. Through June 30, 2017 there had been no expenditure thereon. Data review and fieldwork commenced subsequent to period end.

e) Portfolio

The remaining Contact Gold Properties are situated along the Carlin, Independence, and Northern Nevada Rift Trends, well known mining areas in the state of Nevada. The Portfolio properties each carry an NSR of either 3% or 4%, some of which include buy-down options.

Details of exploration and evaluation expenditures incurred by the Contact Gold, including claims maintenance fees paid, which have been cumulatively expensed in the Statement of Loss and Comprehensive Loss, are as follows:

<b>For the period from acquisition on June 7, 2017 to June 30, 2017</b>		\$
Land claims fees		38,215
Wages and salaries		20,171
Geological contractors/consultants & related crew care costs		7,134
Landman and GIS consultant		7,270
Permitting and filing fees		1,287
<b>Expenditures for the period</b>		<b>74,077</b>
Cumulative balance – June 30, 2017		74,077

Details of exploration and evaluation expenditures incurred by the Contact Gold on each individual property are as follows:

	<b>For the period from acquisition on June 7, 2017 to June 30, 2017</b>
Cobb Creek	706
Dixie Flats	4,345
Dry Hills	1,328
Golden Cloud	2,476
Hot Creek	346
North Star	775
Pony Creek	48,134
Rock Creek	8,302
Rock Horse	2,560
Santa Reina	2,573
Sno	1,079
Woodruff	1,204
Wilson Peak	249
<b>Expenditures for the period</b>	<b>74,077</b>

The Company has determined to account for annual claims fees in August each year as prepaid expenses, amortized evenly over the course of the year. The fair value of the prepaid expense balance acquired pursuant to the Asset Acquisition was determined to be equal to the carrying value recorded by Clover at that date. An expense for amortization has been recorded to each of the Contact Gold Properties for the period from acquisition to June 30, 2017.

There are no prior period balances incurred on the respective properties reflecting the acquisition of the Contact Gold Properties by the Company on June 7, 2017.

As detailed in this MD&A in the discussion relating to the Contact Preferred Shares, and more specifically as part of the "Other Terms", Waterton Nevada was granted certain rights relating to the Contact Gold Properties, including a right of first offer, and a right of first refusal.

### ***Selected Financial Information***

Management is responsible for the financial statements referred to in this MD&A. The Board of Directors of Contact Gold (the "**Board**") approved the Interim Financial Statements and this MD&A.

Our significant accounting policies are presented in Note 4 of the Interim Financial Statements; we followed these accounting policies consistently throughout the period.

Management has determined that Contact Gold and Carlin have a Canadian dollar functional currency because the Company and Carlin finance activities and incur expenses primarily in Canadian dollars. Clover has a United States dollar ("**USD**") functional currency reflecting the primary currency in which it incurs expenditures and in which it receives funding from Contact. The Company's presentation currency is Canadian dollars. Accordingly, and as the Company's most significant balances are assets of Cover, each reporting period will likely include a foreign currency adjustment as part of accumulated other comprehensive income.

The Company operates in one segment – the acquisition of mineral exploration.

### ***Results of Operations***

The following table sets forth selected financial information with respect to Contact Gold, which information has been derived from and should be read in conjunction with the Interim Financial Statements.

	Three months ended	Six months ended
<b>Statement of Loss and Comprehensive Loss</b>	June 30, 2017	June 30, 2017
Total loss before taxes	\$ 372,958	\$ 837,447
Income tax expense	\$ -nil	\$ -nil
Loss and comprehensive loss for the period	\$ 1,941,836	\$ 2,406,325

The balance of total expenses includes an amount of \$2,200,747, as a listing expense, being the cost attributable to the RTO transaction, derived from accounting for Carlin's acquisition of Winwell's eligibility to list on the TSXV. Each period also includes a gain on the embedded derivatives of \$1,866,120, a balance that includes a considerable amount of judgment from management in calculating, and is subject to potentially significant amount of change from period to period. Comprehensive loss includes an amount of \$1,568,878 in each period arising as a foreign currency reserve from the translation of Clover's USD legal entity financial statements into Canadian dollars for consolidation purposes.

There is no comparative period information (three and six months ended June 30, 2016) reflecting the incorporation of Carlin after such date, on November 23, 2016.

### ***Discussion of Operations***

The following financial data are derived from the Interim Financial Statements:

#### ***Three and six months ended June 30, 2017***

Contact Gold incurred a loss and comprehensive loss for the period from January 1, 2017 to June 30, 2017, of \$2,406,325. In addition to the "Listing Expense", the loss comprises wages and salaries, legal, accounting and advisory fees, and office and general costs not directly attributable to any of the Asset Acquisition, the RTO or the Financings, as well as the exploration and evaluation expenditures outlined in the MD&A under heading "*Mineral Properties*".

The Company has recorded the impact of a revaluation of the embedded derivative element of the Contact Preferred Shares issued to Waterton Nevada as partial consideration for the Asset Acquisition. Each period, impacts from changes to the fair value of the embedded derivative, based on assumptions and estimates of the following will result in an impact to the statement of loss and comprehensive loss:

- effective interest rate (notionally what Contact Gold's cost to borrow funds would be)
- our share price and forecast volatility thereof (relating to the "redemption option")
- timing and likelihood of Contact Gold exercising the early redemption feature;
- timing and likelihood of a Change of Control trigger on the Pref Shares;
- timing and likelihood of Waterton Nevada exercising a conversion to shares ahead of maturity; and
- forecast changes to the rate of foreign exchange over time.



The change for the period since issuance to June 30, 2017 is a gain of \$1,866,120. This relatively significant change is reflective of the valuation methodology used, and the impact of market factors – particularly the market price of the Contact Shares, and the change in the USD/CAD, in the brief period from June 7, 2017 to June 30, 2017, including the change in the USD/CAD and the share price of the Contact Shares.

Professional, legal and advisory fees through the six months ended June 30, 2017 of \$449,596 (three months ended June 30, 2017: \$48,249) include financial advisory costs incurred directly related to the Transactions, including structuring, financing, legal and tax advisory fees, that were not otherwise eligible to record as part of the acquisition of Clover or as share issue costs. The majority of the professional, legal and advisory fees were incurred during the first three months of the year, prior to closing of the Transactions.

Wages and salaries reflect amounts earned by officers of the Company, beginning initially at half of their respective agreed-to rates of remuneration in mid-April 2017, and increasing to the full rate upon closing of the Transactions. There were no wages or employment related costs incurred during 2016.

The value of the Contact Preferred Shares was bifurcated to a "host" instrument and to certain identified Embedded Derivatives. At issuance, the "host" instrument was valued in USD at 6,033,480. The value, translated to Canadian dollars of \$8,140,371 is accreted back to the full value of \$15,262,500, including the value of the accumulated accrued dividends over five years. The interim statement of loss and comprehensive loss includes the accretion of the "host" value for the period from the June 7, 2017 issuance to June 30, 2017.

Exploration and evaluation expenditures have been summarized in this MD&A under heading "*Mineral Properties*"

Administrative, office and general expenses of \$54,054 for the six months ended June 30, 2017 (\$34,867 for the three months ended June 30, 2017) includes listing and filings fees, incorporation costs, banking charges, and head office-related costs.

Investor relations, promotion and advertising expenses of \$54,900 through the six months ended June 30, 2017, include marketing activities in advance of closing the Transactions and related travel costs, website design and information technology related costs (three months ended June 30, 2017: \$10,945).

Stock-based compensation expense for both the three and six months ended June 30, 2017 totaled \$43,192. The expense reflects (i) the relative value of a grant of employee stock options ("**Options**") to purchase Contact Shares on June 13, 2017 expensed through the period. Stock-based compensation expense should be expected to vary from period to period depending on several factors, including whether Options are granted in a period, and the timing of vesting or cancellation of such equity instruments. There was also an amount of \$4,227 relating to stock-based compensation recorded to exploration and evaluation expense in the six months ended June 30, 2017.

In determining the fair market value of stock-based compensation granted to employees and non-employees, management makes significant assumptions and estimates. These assumptions and estimates have an effect on the stock-based compensation expense recognized and on the contributed surplus balance on our statements of financial position. Management has made estimates of the life of the Options, the expected volatility, and the expected dividend yields, that could materially affect the fair market value of this type of security. Estimates were chosen after reviewing the historical life of the Options and analyzing share price history to determine volatility.

The foreign exchange gain recorded for the six months ended June 30, 2017 reflects primarily the change in the relative rates of the Canadian and United States dollars on the Contact Preferred Share embedded derivatives. Depending on the volatility of the exchange rate from period to period the impact on the statement of loss and comprehensive loss could be significant.

## Financial Position

The following financial data are derived from our Interim Statements, and our Annual Statements.

	June 30, 2017	December 31, 2016
Current Assets	\$ 12,102,856	\$ 3,761
Total Assets	\$ 51,580,224	\$ 731,673
Total Current Liabilities	\$ 388,392	\$ 1,005,471
Total Liabilities	\$ 13,295,605	\$ 1,005,471
Shareholders' Equity (deficit)	\$ 38,284,619	\$ (273,798)
Number of Contact Shares outstanding	50,234,486	2,769,486
Basic and fully diluted loss per weighted average number of Contact Shares	(\$0.01)	(\$0.10)

The \$50,848,551 increase in total assets reflects closing of the Transactions, net of expenditures incurred and not deferred; the most significant impacts arise from the value attributable to the purchase of Clover and the cash balance remaining after closing the Financings in June 2017.

The advance and deferred acquisition costs as at December 31, 2016 comprised those expenditures incurred directly relating to the Transactions, and include the Advance Cash Payment. As at June 30, 2017, these amounts, and those incurred up to the date of closing of the Transactions have been re-classified to either the Contact Gold Properties, or as share issue costs, and captured as part of equity.

Payables as at June 30, 2017 of \$185,227 (December 31, 2016: \$594,170), and accrued liabilities of \$203,165 (December 31, 2016: \$211,302) include all expenditures incurred through the respective period ends. As of the date of this MD&A, the full amount payable at June 30, 2017 has been paid.

The Promissory Note of \$200,000 payable by Carlin to Winwell, and recorded on the Company's statement of financial position at December 31, 2016, was settled through the acquisition of Clover.

The balance of total liabilities reflects the value of the Preferred Shares, bifurcated as a "host" instrument and the Embedded Derivatives. The Preferred Shares were concluded to be a form of obligation, and have been included as a non-current liability. The Contact Preferred Shares have a maturity date of five years from the date of issuance and a cumulative cash dividend payable upon redemption, at a fixed rate equal to 7.5% per annum. The terms and conditions of the Preferred Shares with accounting impact are detailed in the Interim Financial Statements.

A summary of the changes in the Contact Preferred Shares amount is set out below:

	\$
Fair value of the Preferred Shares host instrument at issuance	8,140,371
Change in fair value of the Preferred Shares host instrument	
Accretion	97,038
Foreign exchange	(310,725)
Fair value of Embedded Derivatives at issuance	6,846,649
Change in fair value of Embedded Derivatives	(1,866,120)
Contact Preferred Shares as at June 30, 2017	<b>12,907,213</b>

Costs incurred relating to the issuance of the Contact Preferred Shares are included in the total of Transaction Costs, as the Contact Preferred Shares were issued as partial consideration in exchange for the acquisition of Clover.

The number of Contact Shares to be issued would be 10,669,978 if all of the outstanding Contact Preferred Shares had been converted into Contact Shares based on the rate of foreign exchange of \$0.77 on June 30, 2017.

In addition to the Embedded Derivatives, the Contact Preferred Shares include the following rights, privileges, restrictions and conditions ("**Other Terms**") for which there is no accounting impact:

- So long as Waterton Nevada and/or its affiliates beneficially own or control 33⅓% or more of the Contact Preferred Shares issued on closing of the Asset Acquisition, and subject to the provisions of the Contact Preferred Shares:
  - i. *Right of First Offer.* Contact Gold will be obligated to inform Waterton Nevada of its intention to sell, lease, exchange, transfer or otherwise dispose of any of its interests in the Contact Gold Properties that is not a sale of all or substantially all of Contact Gold's assets and provide Waterton Nevada with a summary of the essential terms and conditions by which it is prepared to sell any specified interest in the Contact Gold Properties. Upon receipt of such divesting notice, Waterton Nevada will have the right to elect to accept the offer to sell by Contact Gold on the terms contained on the divesting notice. If Waterton Nevada does not elect to accept the offer for such specified terms, Contact Gold shall be permitted to sell its specified interest in the Contact Gold Properties to a third party for a period of 180 days from the date of the original divesting notice on terms and conditions no less favourable to Contact Gold than those contained in the divesting notice.
  - ii. *Right of First Refusal.* If Contact Gold shall have obtained an offer from one or more third party buyers in respect of the sale, lease, exchange, transfer or other disposition of any of the Contact Gold Properties, in whole or in part, in any single transaction or series of related transactions, which offer Contact Gold proposes to accept, Contact Gold shall promptly provide written notice of such fact to Waterton Nevada and offer to enter into such a transaction with Waterton Nevada.
  - iii. *Sale of Substantially All of Contact Gold's Assets.* Contact Gold shall not sell, lease, exchange, transfer or otherwise dispose of all or substantially all of its assets without Waterton Nevada's prior written consent, which will not be unreasonably withheld or delayed.
- In the event of a liquidation, dissolution or winding-up of Contact Gold or other distribution of assets of Contact Gold among its shareholders for the purpose of winding up its affairs or any steps taken by Contact Gold in furtherance of any of the foregoing, the holders of Contact Preferred Shares shall be entitled to receive from the assets of the Contact Gold in priority to any distribution to the holders of Contact Shares or any other class of stock of Contact Gold, the Liquidation Value (as such term is defined in the articles of incorporation of Contact Gold) per Contact Preferred Share held by them respectively, but such holders of Contact Preferred Shares shall not be entitled to participate any further in the property of Contact Gold.

### ***Liquidity and Capital Resources***

The properties in which we currently have an interest are in the exploration stage. We have no revenue-producing operations, and earn only minimal income through investment income on treasury. Accordingly, we are dependent on external financing, including the proceeds of future equity issuances or debt financing, to fund our activities. Circumstances that could impair our ability to raise additional funds, or our ability to undertake transactions, are discussed in the Circular under the heading "Risk Factors." There is no assurance that we will be able to raise the necessary funds through capital raisings in the future. In particular, the Company's access to capital and its liquidity will be impacted by global macroeconomic trends, fluctuating commodity prices and general investor sentiment for the mining and metals industry. There are no known restrictions on the ability of our affiliates to transfer or return funds amongst the group.

As at the date of this MD&A, the Company has approximately \$10.6 million available in cash, and working capital of approximately \$10.8 million. Our budget, including exploration, land holding costs for the Contact Gold Properties, and administration for the remainder of 2017, is approximately \$4.0 million). Our only obligations relate to the value of the Contact Preferred Shares.

On an ongoing basis, management evaluates and adjusts its planned level of activities, including planned exploration, development, permitting activities, and committed administrative costs, to ensure that adequate levels of working capital are maintained. We believe that this approach, given the relative size and stage of Contact Gold, is reasonable.

There may be circumstances where, for sound business reasons, funds may be re-allocated at the discretion of the board of directors or management of Contact Gold. While we remain focused on our plans to commence exploration and development on the Contact Gold Properties, should we enter into agreements in the future on new properties we may be required to make cash payments and complete work expenditure commitments under those agreements which would change our planned expenditures. Management believes that available funds are sufficient for current operations for at least one year, assuming no other factors change.

*Recent Financings*

- (i) On June 7, 2017, the Company consolidated the then 22,155,978 common shares on an 8:1 basis such that shareholders of the Company held 2,769,486 New Winwell Shares, which, which automatically became Contact Shares with a value of \$2,769,486, on completion of the continuance.
- (ii) Pursuant to the RTO, on June 7, 2017, we completed the Share Exchange with 28,815,000 Carlin Shares, at a value of \$21,157,750, exchanged for New Winwell Shares. Upon completing the continuance such New Winwell Shares became Contact Shares.
- (iii) Pursuant to the Asset Acquisition, on June 7, 2017, the Company issued 18,550,000 Contact Shares to Waterton Nevada, the value of which was determined to be \$1.00 per Contact Share.

Total share issue costs of \$1,561,052 were incurred, including consideration, legal and advisory fees, and amounts paid to agents and financial advisors.

- (iv) On June 13, 2017, the Board issued 100,000 Restricted Shares to an officer of the Company.

Partial proceeds from the Financing was used to fund the indirect acquisition of the Contact Gold Properties, and will be used (i) to undertake exploration drilling on the acquired gold projects in Nevada; and (ii) for general working capital purposes.

As at June 30, 2017, 22,486,724 (December 31, 2016 – nil) of the Company’s issued common shares were held in escrow and restricted from trading, pursuant to the rules of the TSXV. These trading restrictions expire as follows:

December 14, 2017	3,797,787
June 14, 2018	3,797,787
December 14, 2018	3,797,787
June 14, 2019	3,797,787
December 14, 2019	3,797,787
June 14, 2020	<u>3,797,787</u>
	22,486,724

As a condition to the completion of the Transactions, and in addition to the escrow provisions imposed by the TSXV, Waterton Nevada’s shareholdings in Contact Gold (18,500,000 Contact Shares) are subject to a lock-up whereby it shall not sell or otherwise dispose of its securityholdings in Contact Gold for a period of 24 months, other than in limited circumstances.

### ***Contractual Obligations***

Other than those disclosed herein, including those associated with the Contact Preferred Shares, Contact Gold has certain additional contractual obligations arising from the RTO, Financings and Asset Acquisition, including those associated with the Contact Preferred Shares.

1. Contact Gold, Waterton Nevada and certain of the post-Transaction significant shareholders of Contact Gold ("**Shareholders**") entered into a governance and investor rights agreement which includes, among other things, a standstill, lock-up and resale restrictions placed on Waterton's holdings in Contact Gold for a period of two years, participation rights in favour of Waterton to maintain its pro rata interest in Contact Gold and registration rights in favour of Waterton. In addition, Waterton agreed to support recommendations of management of Contact Gold in respect of future meetings of shareholders of the Company for a period of two years, subject to certain limitations. Certain Shareholders also agreed to a lock-up whereby they shall not sell or otherwise dispose of their shareholdings in Contact Gold for a period of two years.

Furthermore, Pursuant to an investor rights agreement entered into amongst the Company, certain of its directors and Waterton Precious Metals Fund II Cayman, LP (the "**Investor**"), Contact Gold agreed not to announce or complete any financing-related share issuance (a "**Subsequent Offering**") for a period of six months following the closing of the Transactions, where the subscription price with respect to such Subsequent Offering is less than 125% of the weighted average subscription price of all previously completed arm's length financings without the prior written consent of the Investor.

2. Upon closing of the Financings, Contact Gold and Goldcorp USA, Inc. (the "**Goldcorp**"), an entity holding 7,500,000 Contact Shares, entered into an investor rights agreement whereby as long as Goldcorp maintains a 7.5% or greater equity ownership interest in Contact Gold:
  - Goldcorp will have the right to maintain its pro rata ownership percentage of Contact Gold during future financings;
  - Goldcorp will have a "top up" right to increase its equity ownership percentage to a maximum of 19.9% of the issued and outstanding Contact Shares until the earlier of the date on which it elects not to exercise its participation right in any future financing or it disposes of any Contact Shares other than to its affiliates;
  - Goldcorp shall have the right to receive regular updates of technical information about Contact Gold;
  - Contact Gold will form, at Goldcorp's request, a technical committee and Goldcorp will have the right to appoint not less than 25% of the members of the technical committee; and
  - If Goldcorp elects to sell a block of more than 5% of the Contact Gold Shares, Contact Gold will have the right to designate buyers.

### ***Transactions with Related Parties***

Key management includes members of the Board, the President and Chief Executive Officer, the Chief Financial Officer & VP Strategy, the Company's Executive Vice-President, and the VP Exploration. There were no directors' fees paid or payable in the six months ended June 30, 2017. The aggregate total compensation paid, or payable to key management for employee services is shown below:

	June 30, 2017	December 31, 2016
Salaries and other short-term employee benefits	\$ 80,107	\$ - nil
Share-based payments and Restricted Shares	48,808	\$ - nil
Total	\$ 128,915	\$ - nil

An amount of \$16,250 was also paid to a corporation controlled by an officer of the Company relating to management services rendered.

In addition to the above, the Contact Gold's related parties include its subsidiaries, and Waterton Nevada as a reflection of its 37% ownership interest in the Company, its preferred shareholding and the right Waterton Nevada holds to place two nominees to the Board.

With the exception of the Transactions and an option grant to Waterton Nevada's Board appointees, there were no transactions amongst the Company and Waterton Nevada.

No amount was paid or is payable to management of the Company or any of its directors as remuneration for services provided through the period from incorporation to December 31, 2016.

### ***Summary of Quarterly Results and Fourth Quarter***

The Company was incorporated during the fourth quarter of 2016, and accordingly the discussion in this MD&A relating to its business, operations and cash flows through December 31, 2016, March 31, 2017 and June 30, 2017, reflects only these periods.

### ***Disclosure of Outstanding Share Data***

There were 50,234,486 Contact Shares issued and outstanding as at June 30, 2017 (2,769,486 at December 31, 2016), including 100,000 restricted shares (December 31, 2016: -nil). As of the date of this MD&A, including the restricted shares, there were 50,234,486 Contact Shares issued and outstanding.

As at June 30, 2017, there were also 11,111,111 Contact Preferred Shares outstanding, as described in this MD&A under heading "*Preferred Shares*".

As at June 30, 2017 there were 3,233,000 Options outstanding to purchase Carlin Shares, and 3,233,000 at of the date of this MD&A. None of these Options had vested at either date.

### ***Off Balance Sheet Arrangements and Legal Matters***

Contact Gold has no off balance sheet arrangements, and there are no outstanding legal matters of which management is aware.

### ***Critical Accounting Estimates***

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates, and assumptions that affect the reported amounts of assets, liabilities, and expenses. Factors that could affect these estimates are discussed in the Circular, under the heading, "*Risk Factors*". Subject to the impact of such risks, the carrying value of Contact Gold's financial assets and liabilities approximates their estimated fair value.

#### *Judgments*

In the process of applying accounting policies for Contact Gold, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements.

##### *i) Exploration property acquisition and transaction costs*

The application of the Company's accounting policy for exploration property acquisition and transaction costs requires judgment to determine the type and amount of such costs to be deferred. Furthermore, judgment is required to determine whether future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

Relatively significant costs may be incurred when evaluating, pursuing and completing an acquisition, with such costs often included amongst legal and advisory fees incurred as part of more general consultation and advisory services. Pursuant to IFRS, only those direct, incremental costs of any such acquisition can be deferred; accordingly, judgment is required in determining which of the expenditures are eligible for deferral.

The Company determined the price at which the Subscription Receipts were issued to be the most appropriate indicator of value in the acquisition of Clover and the portfolio of exploration properties held by that entity as the \$1.00 per Subscription Receipt price reflected the understanding of market participants of the Transaction, and particularly the planned Asset Acquisition.

The \$40.97 million value of Consideration reflects the aggregate value of the Cash Payment, and the fair value of the Preferred Shares, with the remaining value attributed to the Contact Shares (Note 10). Consideration was allocated to the respective exploration property interests acquired principally on the basis of a value-per-hectare of each individual property acquired (based on that of a group of peer companies and their respective exploration property interests), along with management-assess quantitative and qualitative judgments relating to the prospectivity and marketability of each.

Resource exploration is a speculative business and involves a high degree of risk. There is no certainty that the expenditures made by Contact Gold in the exploration of its property interests will result in discoveries of commercial quantities of minerals. Exploration for mineral deposits involves risks which even a combination of professional evaluation and management experience may not eliminate. Significant expenditures are required to locate and estimate ore reserves, and further the development of a property.

Capital expenditures to bring a property to a commercial production stage are also significant. There is no assurance the Company has, or will have, commercially viable ore bodies. There is no assurance that the management will be able to arrange sufficient financing to bring ore bodies into production.

*ii) Review of asset carrying values and impairment assessment*

Individual assets are evaluated every reporting period to determine whether there are any indications of impairment. If any such indication exists, a formal estimate of recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset is measured at the higher of value in use and fair value less costs to sell. The most significant assets assessed for impairment include the carrying value of the Company's exploration property interests, and capitalized exploration property acquisition costs.

*iii) Embedded Derivatives*

In determining the fair value of the embedded derivatives on the date of issue it was necessary for the Company to make certain judgments relating to the probability and timing of a change of control. The nature of this judgment, and the factors management considered in determining the resultant calculation is inherently uncertain, and subject to change from period to period. Such changes could materially affect the fair value estimate of the embedded derivatives and the change from period to period.

*Estimates and assumptions*

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the carve-out financial statements and the reported amounts of expenses during the reporting period. Management of Contact Gold have evaluated estimates and assumptions related to asset valuations, asset impairment, and loss contingencies. Management bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the other sources. The actual results experienced by the Company may differ materially and adversely from the estimates presented in these financial statements. To the extent there are material differences between estimates and the actual results, future results of operations will be affected. The key assumption concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is as follows:

*i) Exploration and evaluation expenditures*

Exploration property acquisition costs are capitalized. Development costs are capitalized only when it has been established that a mineral deposit can be commercially mined and a decision has been made to formulate a mining plan. In addition to applying judgment to determine whether future economic benefits are likely to arise from the Company's exploration and evaluation assets or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves, management have to apply a number of estimates and assumptions.

The publication of a resource pursuant to National Instrument 43-101, Standards of Disclosure for Mineral Projects, is itself an estimation process that involves varying degrees of uncertainty depending on

how the resources are classified (i.e., measured, indicated or inferred). The estimates and related determination of potential project economics directly impact when the Company capitalizes exploration acquisition costs and development expenditures. Any such estimates and assumptions may change as new information becomes available. If, after development expenditures are capitalised, information becomes available suggesting that the recovery of such expenditure is unlikely, the relevant capitalised amount is written off in the statement of loss and other comprehensive loss in the period when the new information becomes available.

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

*ii) Fair Value of Share Based Payments*

The Company follows IFRS 2, in determining the fair value of share based payments.

As it relates to equity remuneration, this calculated amount is not based on historical cost, but is derived based on assumptions (such as the expected volatility of the price of the underlying security, expected hold period before exercise, dividend yield and the risk-free rate of return) input into a pricing model. The model requires that management make forecasts as to future events, including estimates of: the average future hold period of issued stock options before exercise, expiry or cancellation; future volatility of the Company's share price in the expected hold period; dividend yield; and the appropriate risk-free rate of interest. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 10 to the Interim Financial Statements. The resulting value calculated is not necessarily the value that the holder of the equity compensation could receive in an arm's length transaction, given that there is no market for the options and they are not transferable.

The assumptions used in these calculations are inherently uncertain. Changes in these assumptions could materially affect the related fair value estimates.

*iii) Embedded Derivatives*

In determining the fair value of the embedded derivatives on the date of issue of USD 5,066,520 (\$6,846,649), it was necessary for the Company to make certain assumptions to derive the effective interest rate used in calculating the Company's credit spread, as well as assumptions relating to the probability and timing of a change of control, share price volatility, and future fluctuations in the rate of foreign exchange between the Canadian and United States dollar.

The Company based its assumptions and estimates on parameters relevant to the June 7, 2017 issue date of the Preferred Shares, and then again as at June 30, 2017. The assumptions used in these calculations are inherently uncertain. Existing circumstances and assumptions about future developments, may change due to market change or circumstances arising beyond the control of the Company. Such changes could materially affect the related fair value estimate, and are reflected in the assumptions when they occur.

***Changes in Accounting Policies and New Accounting Pronouncements***

For information on the Company's accounting policies and a summary of new accounting pronouncements, please refer to our disclosures in the Interim Financial Statements at Notes 4 and 5. The Interim Financial Statements are the first consolidated financial statements prepared by the Company after closing the Transactions, and accordingly the summary of accounting policies detailed therein are as comprehensive as those normally set forth in an entity's annual financial statements.

Preliminary internal discussions have begun in order to evaluate the consequences of the new pronouncements, but the full impact has yet to be assessed.

***Financial Instruments and Other Instruments***

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.



Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, Contact Gold classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

- (i) Financial assets and liabilities at fair value through profit or loss ("FVTPL"): A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term. Derivatives are also included in this category unless they are designated as hedges. Embedded derivatives classified as liabilities, which are interconnected and relate to similar risk exposures are valued together as one embedded derivative.

Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the statement of loss. Gains and losses arising from changes in fair value are presented in the statement of loss within other gains and losses in the period in which they arise. Financial assets and liabilities, and embedded derivatives at FVTPL are classified as current except for the portion expected to be realized or paid beyond twelve months of the balance sheet date, which is classified as non-current.

- (ii) Available-for-sale investments: Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories.

Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. Gains or losses arising from changes in fair value are recognized in other comprehensive income (loss). Available-for-sale investments are classified as non-current, unless the investment matures within twelve months, or management expects to dispose of them within twelve months. When an available-for-sale investment is sold or impaired, the accumulated gains or losses are moved from accumulated other comprehensive income (loss) to the statement of loss and included in other gains and losses.

As at June 30, 2017, the Company has no financial assets in this category.

- (iii) Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables of Contact Gold are comprised of 'Receivables', and are classified as appropriate in current or non-current assets according to their nature. Loans and receivables are initially recognized at the amount expected to be received less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

- (iv) Held to maturity: Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management of the Company has the positive intention and ability to hold to maturity. They are measured at amortized cost less any allowance for impairment. Amortization of premiums or discounts and losses due to impairment are included in current period loss. As at June 30, 2017, the Company has no financial assets in this category.

- (v) Financial liabilities at amortized cost: Financial liabilities at amortized cost include account payables and accrued liabilities. Accounts payables and accrued liabilities are initially recognized at the amount required to be paid less, when material, a discount to reduce the payables to fair value. Subsequently, accounts payables are measured at amortized cost using the effective interest method.

Financial liabilities and the Contact Preferred Shares are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets. Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset or liability, and included situations where there is little, if any, market activity for the asset.

The carrying value of prepaids, payables and accrued liabilities (including amounts payable to related parties), and promissory notes payable approximate their fair value due to their short-term nature. The fair value of cash is determined through market, observable and corroborated sources. Certain inputs to the calculation of the value of the Contact Preferred Shares and the Embedded Derivatives use Level 2 and Level 3 inputs.

### ***Risks Associated With Financial Instruments***

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities, the Contact Preferred Shares and the Embedded Derivatives. It is management's opinion that with the exception of the Contact Preferred Shares and the Embedded Derivatives: (i) the Company is not exposed to significant interest, currency or credit risks arising from its financial instruments, and (ii) the fair values of these financial instruments approximate their carrying values unless otherwise noted in these Interim Statements.

Contact Preferred Shares and the Embedded Derivatives are both considered to Level 3 type financial liabilities, with each determined by observable data points, in particular the Company's share price, the rate of CAD/USD foreign and the Company's credit spread, with reference to current interest rates and yield curves.

The type of risk exposure and the way in which such exposure is managed is provided as follows:

#### *Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Contact Gold's credit risk is primarily attributable to its liquid financial assets. The Company limits exposure to credit risk and liquid financial assets through maintaining its cash with high credit quality banking institutions in Canada and the USA. The Company mitigates credit risk on these financial instruments by adhering to its investment policy that outlines credit risk parameters and concentration limits. As at June 30, 2017 the balance of cash held on deposit was \$11.8 million (December 31, 2016: \$250). The Company has not experienced any losses in such amounts and believes it is not exposed to any significant risks on its cash in bank accounts.

#### *Liquidity Risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages its capital in order to meet short term business requirements, after taking into account cash flows from operations, expected capital expenditures and the Company's holdings of cash. The Company may have to issue additional Contact Shares to ensure there is sufficient capital to meet long term objectives. The Company's financial liabilities of payables and accrued liabilities are payable within a 90-day period and are to be funded from cash on hand.

#### *Interest Rate Risk*

Contact Gold is subject to interest rate risk with respect to its investments in cash. The Company's current policy is to invest cash at floating rates of interest, and cash reserves are to be maintained in cash and cash equivalents in order to maintain liquidity, while achieving a satisfactory return for shareholders. Fluctuations in interest rates when cash and cash equivalents mature impact interest income earned.

#### *Market Risk - Foreign Exchange*

The significant market risk to which the Company is exposed is foreign exchange risk. The results of the Company's operations are exposed to currency fluctuations. To date, the Company has raised funds entirely in Canadian dollars. The majority of the Company's mineral property expenditures, will be incurred in United States dollars. The fluctuation of the Canadian dollar relation to the USD will consequently have an impact upon the financial results of the Company.

A 1% increase or decrease in the exchange rate of the US dollar against the Canadian dollar would result in a \$153,290 increase or decrease respectively, in the Company's cash balance. The Company has not entered into any derivative contracts to manage foreign exchange risk at this time.

### *Fair Value Estimation*

The carrying value of the Company's financial assets and liabilities approximates their estimated fair value due to their short-term nature.

### *Proposed Transactions*

There are no proposed transactions. However, as is typical of the mineral exploration and development industry, management of Contact Gold continually review potential merger, acquisition, investment, and joint venture transactions and opportunities that could enhance shareholder value. There is no guarantee that any contemplated transaction will be concluded.

### **Subsequent Events Not Otherwise Described Herein**

With the exception of transactions and activities described in this MD&A, there were no subsequent events.

### *Industry and economic factors that may affect our business*

Economic and industry risk factors that may affect our business, in particular those that could affect our liquidity and capital resources, are as described under the heading "Risk Factors" in the Circular, available on Contact Gold's SEDAR profile at [www.sedar.com](http://www.sedar.com). In particular, there are currently significant uncertainties in capital markets impacting the availability of equity financing for the purposes of mineral exploration and development. We anticipate having to rely on financing undertaken by Contact Gold in order to continue to fund activities.

Certain uncertainties relating to the global economy, political uncertainties and increasing geopolitical risk, increased volatility in the prices of gold, copper, other precious and base metals and other minerals, as well as increasing volatility in the foreign currency exchange markets may impact Contact Gold's business and accordingly, may impact our ability to remain a going concern.

A comprehensive discussion of the Company's risks and uncertainties is set out in the Circular. The reader is directed to carefully review this discussion for a proper understanding of these risks and uncertainties

### *Scientific and Technical Disclosure*

The scientific and technical information contained in this MD&A has been reviewed and approved by Vance Spalding, CPG, VP Exploration, Contact Gold, who is a "qualified person" within the meaning of NI 43-101.

### *Additional Information*

For further information regarding Contact Gold, refer to those continuous disclosure filings made with the Canadian securities regulatory authorities available under Contact Gold's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

### *Approval*

The Board has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it of us, and will be posted to Contact Gold's website at [www.contactgold.com](http://www.contactgold.com).

(signed) "Matthew Lennox-King"

Matthew Lennox-King

President & Chief Executive Officer

August 28, 2017

(signed) "John Wenger"

John Wenger

Chief Financial Officer & VP Strategy

### ***Cautionary Notes Regarding Forward-Looking Statements***

This MD&A, contains “forward-looking information” and “forward-looking statements” (collectively, “forward-looking statements”) within the meaning of the applicable Canadian securities legislation. All statements, other than statements of historical fact, are forward-looking statements and are based on expectations, estimates and projections as at the date of this news release. Any statement that involves discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, future events or performance (often but not always using phrases such as “expects”, or “does not expect”, “is expected”, “anticipates” or “does not anticipate”, “plans”, “budget”, “scheduled”, “forecasts”, “estimates”, “believes” or “intends” or variations of such words and phrases or stating that certain actions, events or results “may” or “could”, “would”, “might” or “will” be taken to occur or be achieved) are not statements of historical fact and may be forward-looking statements. In this MD&A, forward-looking statements relate, among other things, to the anticipated exploration activities of the Company on the Contact Gold Properties, and the timing and settlement of the Company’s current obligations.

These forward-looking statements are based on reasonable assumptions and estimates of management of the Company at the time such statements were made. Actual future results may differ materially as forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to materially differ from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors, among other things, include: the synergies expected from the Transactions not being realized; business integration risks; fluctuations in general macroeconomic conditions; fluctuations in securities markets; fluctuations in spot and forward prices of gold, silver, base metals or certain other commodities; fluctuations in currency markets (such as the Canadian dollar to United States dollar exchange rate); change in national and local government, legislation, taxation, controls, regulations and political or economic developments; risks and hazards associated with the business of mineral exploration, development and mining (including environmental hazards, industrial accidents, unusual or unexpected formations pressures, cave-ins and flooding); inability to obtain adequate insurance to cover risks and hazards; the presence of laws and regulations that may impose restrictions on mining; employee relations; relationships with and claims by local communities and indigenous populations; availability of increasing costs associated with mining inputs and labour; the speculative nature of mineral exploration and development (including the risks of obtaining necessary licenses, permits and approvals from government authorities); and title to properties. Although the forward-looking statements contained in this news release are based upon what management of the Company believes, or believed at the time, to be reasonable assumptions, the Company cannot assure shareholders that actual results will be consistent with such forward-looking statements, as there may be other factors that cause results not to be as anticipated, estimated or intended. Readers should not place undue reliance on the forward-looking statements and information contained in this news release. The Company assumes no obligation to update the forward-looking statements of beliefs, opinions, projections, or other factors, should they change, except as required by law.

No stock exchange, securities commission or other regulatory authority has approved or disapproved the information contained herein. Neither the TSXV nor its Regulation Services Provider (as that term is defined in the policies of the TSXV) accepts responsibility for the adequacy of the MD&A. No stock exchange, securities commission or other regulatory authority has approved or disapproved the information contained herein.