

**STONE GOLD INC.  
(FORMERLY CR CAPITAL CORP.)**

**INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS -  
QUARTERLY HIGHLIGHTS**

**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020**

## **Introduction**

The following Interim Management's Discussion and Analysis ("Interim MD&A") of Stone Gold Inc. (formerly CR Capital Corp.) (the "Company") for the three and nine months ended September 30, 2020 has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last annual management discussion & analysis, being the Management Discussion & Analysis ("Annual MD&A") for the fiscal year ended December 31, 2019. This Interim MD&A does not provide a general update to the Annual MD&A, or reflect any non-material events since the date of the Annual MD&A.

This Interim MD&A has been prepared in compliance with section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the Company's Annual MD&A, audited annual financial statements for the years ended December 31, 2019, and December 31, 2018, together with the notes thereto, and unaudited condensed interim financial statements for the three and nine months ended September 30, 2020, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's unaudited condensed interim financial statements and the financial information contained in this Interim MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, information contained herein is presented as of November 25, 2020, unless otherwise indicated.

For the purposes of preparing this Interim MD&A, management, in conjunction with the Board of Directors (the "Board"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Additional information about the Company is available free of charge on the System for Electronic Document Analysis and Retrieval (SEDAR) website at [www.sedar.com](http://www.sedar.com).

## **Cautionary Note Regarding Forward-Looking Information**

This Interim MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this Interim MD&A speak only as of the date of this Interim MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this Interim MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

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Forward-looking information	Assumptions	Risk factors
The Company will be able to continue its business activities and exploration of its property interests as currently planned.	The Company has anticipated all material costs and risks, and such costs and activities will be consistent with the Company’s current expectations; the Company will be able to obtain equity funding when required.	Unforeseen costs to the Company will arise; ongoing uncertainties relating to the COVID-19 pandemic; any particular operating cost increase or decrease from the date of the estimation; and capital markets not being favourable for funding resulting in the Company not being able to obtain financing when required or on acceptable terms.
The Company will be able to carry out anticipated business plans and exploration activities.	The operating activities of the Company for the twelve months ending September 30, 2021 will be consistent with the Company’s current expectations.	Sufficient funds not being available; increases in costs; ongoing uncertainties relating to the COVID-19 pandemic; the Company may be unable to retain key personnel.
The Company has been investigating several reverse takeover opportunities (“RTO”) with the intention of completing a transaction in 2020.	The Company will be able to find a suitable target company with a valuation that is accretive to Company shareholders.	Changes in equity markets and ongoing uncertainties relating to the COVID-19 pandemic could make for difficulties in finding a suitable candidate.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company’s ability to predict or control. Please also make reference to those risk factors referenced in the “Risk Factors” section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this Interim MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

**Description of Business**

The Company was incorporated on December 13, 2002, and is a reporting issuer in British Columbia, Alberta and Ontario. The Company’s fiscal year end is December 31. The Company is engaged in the acquisition, exploration and evaluation of properties for the mining of precious and base metals.

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On August 26, 2020, the Company changed its corporate name from CR Capital Corp. to Stone Gold Inc. The Company's shares commenced trading on the TSXV under the new name at the opening of trading on September 21, 2020 and under the new trading symbol "STG".

## **Operational Highlights**

### **Corporate**

On January 13, 2020, the Company announced that its Exploration Plan applications, which had been elevated by the Ontario Ministry of Energy, Northern Development and Mines to Exploration Permit application status, have now been granted such that the Company can proceed with its planned surface exploration program of trenching and ground and borehole geophysical surveys on the Coppercorp Property. An agreement to conduct basic surface exploration had been signed and activated with the Batchewana First Nation in the spring of 2018.

On May 15, 2020, 280,000 stock options with an exercise price of \$0.05 and expiry date of April 12, 2024 were exercised for gross proceeds of \$14,000.

On June 11, 2020, the Company issued 150,000 common shares valued at \$14,250 to acquire an option on the Mount Jamie North Property. Refer to "Mount Jamie North Property" section below.

In connection with the acquisition of the Mount Jamie North Property, the Company paid a finder's fee of 50,000 common shares valued at \$4,750 to Michael Dehn, an arm's length third party, who aided the Company in identifying and acquiring the property.

On July 20, 2020, the Company closed the first tranche ("First Tranche") of the non-brokered private placement for aggregate gross proceeds of \$814,800. The First Tranche consisted of the sale of 5,810,000 units hard-dollar units ("Units") at a price of \$0.08 per Unit and 3,500,000 flow-through units ("FT Units") at a price of \$0.10 per FT Unit.

On July 24, 2020, the Company closed the second and final tranche ("Second Tranche") of the non-brokered private placement for aggregate gross proceeds of \$185,200. The Second Tranche consisted of the sale of 440,000 Units at a price of \$0.08 per Unit and 1,500,000 FT Units at a price of \$0.10 per FT Unit.

Each FT Unit consists of one flow-through common share of the Company and one-half of one common share purchase warrant (each whole warrant, a "FT Warrant"), with each FT Warrant entitling the holder thereof to acquire one additional common share of the Company at a price of \$0.125 for a period of eighteen months following the closing of the offering. Each Unit consists of one common share of the Company and one common share purchase warrant (each a "Warrant"), with each Warrant entitling the holder thereof to acquire one additional common share of the Company at a price of \$0.10 for a period of eighteen months following the closing of the offering.

At September 30, 2020, the Company had a working capital of \$591,211, compared to working capital of \$2,400 at December 31, 2019. The Company had cash of \$745,141 at September 30, 2020, compared to \$31,389 at December 31, 2019. The increase in working capital was attributable to the completion of private placements in July 2020 for total gross proceeds of \$1,000,000 which was offset by the Company's operating expenses. The increase in cash was attributable to proceeds from the private placements and from the sale of shares of Yorbeau Resources Inc. ("Yorbeau"), which was offset by the cost of operating activities.

## **Mount Jamie North Property**

On June 3, 2020, the Company announced it entered into an option agreement with Bounty Gold Corp. (the "Vendor"), a private company, to purchase a 100% interest in the Mount Jamie North Property (the "MJ Property") located in Red Lake, Ontario. The MJ Property consists of 30 mineral claims totaling 445 hectares located in Todd Township, Red Lake Mining Division, District of Kenora, Northwestern Ontario.

Under the terms of the option agreement, the Company has the option to acquire a 100% interest in the MJ Property by making the following cash payments and share issuances:

- An initial cash payment of \$7,500 (paid) and the issuance of 150,000 common shares of the Company (valued at \$14,250) by the seventh day following acceptance of the TSXV (the "Closing");
- A cash payment of \$7,500 and issuing 150,000 common shares within 180 days after the Closing; and
- A cash payment of \$10,000 and issuing 200,000 common shares within one year after the Closing.

The Company can, at its option, accelerate the cash payments and common share issuances described above. All common share issuances by the Company will be subject to a statutory 4-month hold period as per Canadian securities law.

In addition, the Company will pay a 2.0% Net Smelter Return royalty (the "NSR") to the Vendor on commencement of commercial production. The Company will have the right, at any time and upon 30 days' notice, to purchase 1.0% of the 2.0% NSR for \$1,000,000.

The Company has completed an initial field geological examination, including an outcrop and trench sampling program. The highest assay reported was from a grab sample of a 10 cm wide quartz vein that returned 5.6 grams per tonne (g/t) gold and appears to be within the same stratigraphic package as the neighboring Mount Jamie and Rowan Mines.

A drone magnetic geophysical survey was completed which covered the interpreted favorable west-northwest geological trends over the Property. This survey has outlined areas of magnetic folding, offsets and washout which have aided in ranking areas for follow-up exploration. A lithochemical sampling program is presently being conducted on the Property to investigate high priority targets, areas of magnetic interest and previous assay results. Drilling is recommended this winter in order to test these targets.

## **Coppercorp – Glenrock Gold Property**

On March 16, 2018, the Company announced that a 43-101 Technical Report was filed under the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com) on the 100% owned claims acquired from Superior Copper Corporation on March 5, 2018, and is situated in Ryan, Kincaid, Palmer, and Nicolet townships in the Province of Ontario.

The claim holdings, named the Coppercorp – Glenrock Gold Property (the "CG Property"), consist of 921 unpatented mining cell claims totaling approximately 18,770 hectares, and is situated on the eastern edge of the Midcontinental Rift (the "Rift") with most of the Rift lying beneath Lake Superior. Numerous past-producing and present deposits have been discovered and mined around Lake Superior associated with the Rift, including the prolific native copper deposits of the Keweenaw Peninsula, Michigan from which over six million tonnes of copper were recovered between 1845 - 1972. The CG Property straddles the north-northwest trending unconformity between the Proterozoic Keweenaw Group rocks to the west and the Batchawana Greenstone Belt of the Archean Superior Province to the east. Multiple Keweenaw felsic intrusions and breccia bodies hosting copper, silver, cobalt and gold mineralization intrude the Archean Metavolcanic rocks throughout the CG Property and in the vicinity of the unconformity.

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Since 2018, research of previous exploration within the contiguous southeastern portion of the CG Property, separately named the Glenrock Gold Property, supported by the recent evaluation of surface rock and soil sample surveys, suggest the presence of a significant orogenic gold mineralizing system hosted by the Archean rocks of the Batchewana greenstone Belt.

Highlights of the recent exploration of the CG Property are the identification of multiple new exposures of surface gold mineralization in the Glenrock West and Northwest occurrences extending 300 metres west along strike to the west from the historic Glenrock Main and North occurrences. In total from the 2018-2020 evaluations, 81 grab, composite grab and chip rock samples obtained over an area of 400 by 350 metres, encompassing the four occurrences, returned an average Au value of 1.55 g/t Au ranging from 0.003 to 13.4 g/t Au. It is noted that grab samples are selected samples and are not necessarily representative of the mineralization hosted on the property.

Exciting results include chip sampling returning an average 1.32 g/t Au over five metres across a rusty pyritic shear zone within silicified mafic volcanic rocks between the Glenrock West and Main occurrences and five 0.5 metre composite grab samples over six square metres of the Glenrock Northwest occurrence reporting an average grade of 5.82 g/t Au. The results of a soil survey over the same area outline Au anomalies coincident and supportive of the rock sampling results. Both the rock and soil sampling results plus the sampling of previously unanalyzed historic core combined with a geological re-evaluation indicate the major gold mineralizing system is open at depth, to the west into a swamp and to the east into an esker.

The gold-enriched area is spatially coincident with historic ground IP high chargeability and resistivity anomalies that were identified in a 1997 survey, and which are open-ended to the west and east. The modelling of the geophysical, geological plus recent and historic geochemical results was compiled into a three dimensional exploration model that succeeded in the choice of multiple priority, previously untested, drill targets. These targets are recommended for testing this winter with the purpose of defining a major near-surface gold resource body.

The Company has received an Exploration Permit from the Ministry of Energy, Northern Development and Mines to complete diamond drilling on its CG Property. A consultation process is ongoing with the Batchewana First Nation with the purpose of negotiating a drilling permit to conduct subsurface exploration on their traditional territory.

Within the larger Coppercorp portion of the CG Property, two prospects of copper mineralization are of particular interest which require follow-up exploration with the purpose of defining a major copper resource.

The first is within the five km long north-northwest trend of the past-producer Coppercorp Cu (+-Ag-Au) Mine which is hosted in deep seated fractures in Proterozoic mafic volcanic rocks. Recent results confirmed the presence of high-grade Cu-Ag-Au from surface grab sampling of chalcocite mineral occurrences reporting up to new 15.5% Cu, 51.7 g/t Ag, and 0.3 g/t Au along this trend from Coppercorp Mine, which remains essentially unexplored since the 1960s when the mine was in operation. This is supported by historic diamond drilling in 2013, 200 and 500 metres south-southeast along this trend from the mine which reported multiple Cu-Ag intersections including 4.9 metres of 7.27 % Cu and 145 g/t Ag and 1.9 metres of 2.88% Cu and 5.4 g/t Ag, respectively.

The second is from the Kincaid Cu Breccia area along the north-northwest striking Keweenawan-Archean unconformity where the clearing of logging roads in 2018 resulted in reveal of a newly exposed copper mineralized showing. Six composite grab samples obtained from along 40 metres of surface exposures along the side of the new road, located 700 metres north northwest along strike from the Kincaid Breccia Showing, returned an average 0.47% Cu with assays of up to 1.07% Cu plus multiple anomalous grab samples of occurrences in the area reporting values of up to 1.7% Cu. A 2014 diamond drillhole situated

800 metres to the west intersected at depth, in spatial association with the Keweenawan – Archean contact, 97 metres of 0.63% Cu including 0.5 metres of 16.4% Cu, 3.1 g/t Au and 11 g/t Ag. Follow-up geophysical surveying is needed over this overburden covered area in order to define near-surface drill targets that will lead to these types of intersections in the Kincaid Breccia area.

## **Trends and Economic Conditions**

Management regularly monitors economic financial market conditions and estimates their impact on the Company's operations and incorporates these estimates in both short-term operating and longer-term strategic decisions. Beginning in Q2 of 2017 and until recently, equity markets in the junior resource exploration sector have been very difficult. The Company was able to raise \$1 million in July 2020 and has begun exploring on both properties.

Due to the worldwide COVID-19 pandemic, material uncertainties may arise that could influence management's going concern assumption. Management cannot accurately predict the future impact COVID-19 may have on:

- Global commodity prices;
- Demand for gold and the ability to explore for gold;
- The severity and the length of potential measures taken by governments to manage the spread of the virus, and their effect on labour availability and supply lines;
- Availability of government supplies, such as water and electricity;
- Purchasing power of the Canadian dollar; and
- Ability to obtain funding.

At the date of this Interim MD&A, the Canadian federal government and the provincial government of Ontario have not introduced measures that have directly impeded the operational activities of the Company. Management believes the business will continue and, accordingly, the current situation has not impacted management's going concern assumption. However, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

Apart from these factors and the risk factors noted under the heading "Risk Factors", management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations.

## **Related Party Transactions and Major Shareholder**

### **(a) Related party transactions**

Related parties include the Board and officers, close family members and enterprises that are controlled by these individuals as well as certain consultants performing similar functions.

Remuneration of directors and key management personnel (including Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and directors), other than consulting fees, of the Company was as follows:

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<b>Management compensation and salaries and benefits</b>	<b>Three months ended September 30, 2020</b> \$	<b>Three months ended September 30, 2019</b> \$	<b>Nine months ended September 30, 2020</b> \$	<b>Nine months ended September 30, 2019</b> \$
Marrelli Support Services Inc. ("Marrelli Support"), CFO fees <sup>(1)(2)</sup>	4,635	4,635	13,905	13,905
Brian Howlett, former CEO	7,500	nil	17,500	nil
Eric Szustak, Director	3,000	nil	13,000	nil
Mark Goodman, Director	3,000	nil	6,000	nil
Gérald Riverin, Director	3,000	nil	6,000	nil
Morgan Quinn, Director	3,000	nil	6,000	nil
<b>Total</b>	<b>24,135</b>	<b>4,635</b>	<b>62,405</b>	<b>13,905</b>

<b>Share-based compensation</b>	<b>Three months ended September 30, 2020</b> \$	<b>Three months ended September 30, 2019</b> \$	<b>Nine months ended September 30, 2020</b> \$	<b>Nine months ended September 30, 2019</b> \$
Brian Howlett, former President and former CEO	nil	nil	nil	6,916
Eric Szustak, Director	nil	nil	nil	6,916
Gérald Riverin, Director	nil	nil	nil	1,976
Mark Goodman, Director	nil	nil	nil	1,976
Morgan Quinn, Director	nil	nil	nil	1,976
<b>Total</b>	<b>nil</b>	<b>nil</b>	<b>nil</b>	<b>19,760</b>

(1) The amounts charged are conducted on normal market terms and are recorded at their exchange value.

(2) Professional fees are paid to Marrelli Support, an organization of which Carmelo Marrelli, the CFO of the Company, is president.

Salaries and benefits include director fees. The Board and officers do not have employment or service contracts with the Company. Directors are entitled to director fees and stock options for their services and officers are entitled to fees and stock options for their services. During the year ended December 31, 2019, the directors of the Company have waived their director fees to conserve cash. During the three and nine months ended September 30, 2020, \$21,000 was accrued for director fees. As at September 30, 2020, officers and directors (excluding the CFO) were owed \$5,650 (December 31, 2019 - \$2,260) and this amount was included in amounts payable and other liabilities.



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The Company entered into the following transactions with related parties:

<b>Names</b>	<b>Three months ended September 30, 2020</b> \$	<b>Three months ended September 30, 2019</b> \$	<b>Nine months ended September 30, 2020</b> \$	<b>Nine months ended September 30, 2019</b> \$
Marrelli Support <sup>(i)</sup>	5,828	6,553	16,284	20,217
DSA Corporate Services Inc. ("DSA") <sup>(ii)</sup>	1,797	235	3,442	4,550
Marrelli Press Release Services Limited ("Press Release") <sup>(iii)</sup>	4,326	nil	4,856	nil
<b>Total</b>	<b>11,951</b>	<b>6,788</b>	<b>24,582</b>	<b>24,767</b>

<sup>(i)</sup> During the three and nine months ended September 30, 2020, the Company paid professional fees of \$5,828 and \$16,284, respectively (three and nine months ended September 30, 2019 - \$6,553 and \$20,217, respectively) to Marrelli Support, an organization of which Carmelo Marrelli is Managing Director. Carmelo Marrelli is the CFO of the Company. These services were incurred in the normal course of operations for general accounting and financial reporting matters. Marrelli Support also provides bookkeeping services to the Company. As at September 30, 2020, Marrelli Support was owed \$5,340 (December 31, 2019 - \$24,745) and this amount was included in amounts payable and other liabilities.

<sup>(ii)</sup> During the three and nine months ended September 30, 2020, the Company paid professional fees of \$1,797 and \$3,442, respectively (three and nine months ended September 30, 2019 - \$235 and \$4,550, respectively) to DSA, an organization of which Carmelo Marrelli controls. Carmelo Marrelli is also the corporate secretary and sole director of DSA. These services were incurred in the normal course of operations for corporate secretarial matters. As at September 30, 2020, DSA was owed \$440 (December 31, 2019 - \$633) and this amount was included in amounts payable and other liabilities.

<sup>(iii)</sup> During the three and nine months ended September 30, 2020, the Company paid professional fees of \$4,326 and \$4,856, respectively (three and nine months ended September 30, 2019 - \$nil) to Press Release, an organization of which Carmelo Marrelli controls. Carmelo Marrelli is also the corporate secretary and sole director of Press Release. These services were incurred in the normal course of operations for press release matters. As at September 30, 2020, Press Release was owed \$4,615 (December 31, 2019 - \$470) and this amount was included in amounts payable and other liabilities.

All amounts due to related parties are unsecured, non-interest bearing and due on demand.

(b) Major shareholders

To the knowledge of the directors and senior officers of the Company as at the date of this Interim MD&A, no person or corporation beneficially owns or exercises control or direction over common shares of the Company carrying more than 10% of the voting rights attached to all common shares of the Company. The Company is not aware of any arrangements that may at a subsequent date result in a change in control of the Company.

## **Financial Highlights**

### **Financial Performance**

*Nine months ended September 30, 2020, compared with nine months ended September 30, 2019*

The Company's net loss totaled \$276,726 for the nine months ended September 30, 2020, with basic and diluted loss per share of \$0.02. This compares with a net loss of \$75,729 with basic and diluted loss per share of \$0.01 for the nine months ended September 30, 2019. The increase of \$200,997 in net loss was principally because:

- Exploration and evaluation expenditures increased by \$88,368 to \$93,749 in the nine months ended September 30, 2020, compared to the nine months ended September 30, 2019. The increase was attributable to expenditures on the MJ Property and the CC Property. Refer to the "Mount Jamie North Property" and "Coppercorp Property" sections above for more details;
- Professional fees increased by \$9,043 to \$69,308 in the nine months ended September 30, 2020, from \$60,265 in the nine months ended September 30, 2019 due to higher legal fees incurred during the current period;
- Share-based compensation decreased by \$19,760 to \$nil the nine months ended September 30, 2020, compared to the nine months ended September 30, 2019 due to the grant of 400,000 stock options to certain directors and officers of the Company on April 12, 2019;
- Management compensation increased by \$27,500 in the nine months ended September 30, 2020, from \$nil in the nine months ended September 30, 2019 due to payments to management during the current period compared to \$nil during the comparative period;
- Director fees increased by \$21,000 in the nine months ended September 30, 2020, from \$nil in the nine months ended September 30, 2019 due to director fees paid during the current period compared to \$nil during the comparative period since the directors of the Company have waived their director fees to conserve cash during the year end December 31, 2019;
- Business development fees increased by \$44,248 in the nine months ended September 30, 2020, from \$nil in the nine months ended September 30, 2019 due to fees paid for the development of the Company's website and investor presentation during the current period compared to \$nil during the comparative period;
- The Company recorded an unrealized gain on marketable securities of \$35,000 during the nine months ended September 30, 2020, compared to an unrealized gain of \$147,500 during the nine months ended September 30, 2019. The decrease in unrealized gain of \$112,500 is due to the change in fair value of Yorbeau shares;
- The Company recorded a realized loss on marketable securities of \$32,750 during the nine months ended September 30, 2020, compared to a realized loss of \$111,000 during the nine months ended September 30, 2019. The decrease in realized loss of \$78,250 is due to the sale of 1,000,000 shares of Yorbeau for gross proceeds of \$27,250 for the nine month ended September 30, 2020 compared to the sale of 3,500,000 shares of Yorbeau for gross proceeds of \$99,000 for the nine months ended September 30, 219; and
- All other expenses related to general working capital expenditures.

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*Three months ended September 30, 2020, compared with three months ended September 30, 2019*

The Company's net loss totaled \$158,616 for the three months ended September 30, 2020, with basic and diluted loss per share of \$0.01. This compares with a net loss of \$31,376 with basic and diluted loss per share of \$0.00 for the three months ended September 30, 2019. The increase of \$127,240 in net loss was principally because:

- Exploration and evaluation expenditures increased by \$68,453 to \$69,863 in the three months ended September 30, 2020, compared to the three months ended September 30, 2019. The increase was attributable to expenditures on the MJ Property and the CC Property. Refer to the "Mount Jamie North Property" and "Coppercorp Property" sections above for more details;
- Professional fees increased by \$4,584 to \$24,004 in the three months ended September 30, 2020, from \$19,420 in the three months ended September 30, 2019 due to higher legal fees incurred during the current period;
- Management compensation increased by \$7,500 in the three months ended September 30, 2020, from \$nil in the three months ended September 30, 2019 due to due to payments to management during the current period compared to \$nil in the comparative period;
- Director fees increased by \$12,000 in the three months ended September 30, 2020, from \$nil in the three months ended September 30, 2019 due to director fees paid during the current period compared to \$nil during the comparative period since the directors of the Company have waived their director fees to conserve cash during the year end December 31, 2019;
- Business development fees increased by \$44,248 in the three months ended September 30, 2020, from \$nil in the three months ended September 30, 2019 due to fees paid for the development of the Company's website and investor presentation during the current period compared to \$nil during the comparative period; and
- All other expenses related to general working capital expenditures.

The Company's total assets as at September 30, 2020 were \$775,546 (December 31, 2019 - \$66,615) against total liabilities of \$184,335 (December 31, 2019 - \$64,215). The increase in total assets of \$708,931 resulted from cash proceeds received from private placements and cash proceeds received from exercise of options, which was offset by cash spent on operating costs. The Company has sufficient current assets to pay its existing liabilities of \$184,335 as at September 30, 2020. Liabilities include flow-through shares liability of \$91,257, which is not settled through cash payments. Instead, this balance is amortized against qualifying flow-through expenditures that are required to be incurred before December 31, 2020.

On July 10, 2020, subject to legislative amendments, the Government of Canada proposed to extend, by 12 months, the period to incur eligible flow-through share expenses, which would give the Company until December 31, 2022 to spend the \$456,000 in Canadian Exploration Expenditures.

### **Cash Flow**

At September 30, 2020, the Company had cash of \$745,141 compared to \$31,389 at December 31, 2019. The increase in cash of \$713,752 from the December 31, 2019 cash balance of \$31,389 was a result of cash outflows in operating activities of \$260,035 which was offset by cash provided by investing activities of \$27,250 and cash provided by financing activities of \$946,537. Operating activities were affected by adjustments for unrealized gain on marketable securities of \$35,000, realized loss on marketable securities of \$32,750, premium recovery on flow-through shares of \$11,571, shares issued for acquisition of mining

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property of \$14,250, shares issued for professional services of \$4,750 and net change in non-cash working capital balances of \$11,512 because of an increase in amounts receivable and other assets of \$20,179 and an increase in amounts payable and other liabilities of \$31,691. Investing activities consisted of proceeds from sale of marketable securities of \$27,250. Financing activities consisted of proceeds from private placements of \$1,000,000 and from options exercised for proceeds of \$14,000, which was offset by share issue costs of \$67,463.

### **Liquidity and Financial Position**

As at September 30, 2020, the past activities of the Company were primarily financed through equity and the exercise of stock options and warrants. During the nine months ended September 30, 2020, 280,000 options and nil warrants were exercised. During the nine months ended September 30, 2020, the Company completed a non-brokered private placement (first and second tranches) for aggregate gross proceeds of \$1,000,000.

As at September 30, 2020, the Company had \$745,141 in cash (December 31, 2019 – \$31,389). Cash increased due from proceeds from the private placements and proceeds from the sale of Yorbeau shares, proceeds from the exercise of options, which was offset by exploration expenditures and operating expenses.

Amounts payable and other liabilities increased to \$93,078 as at September 30, 2020, compared to \$61,387 at December 31, 2019. The variation is primarily the result of fluctuations in amounts payable and other liabilities, which are usually paid as and when they become due.

The Company has no operating revenues; and therefore, must utilize its current cash reserves and other anticipated transactions to meet ongoing operating activities.

As of September 30, 2020, and the date of this Interim MD&A, the cash resources of the Company were held with one Canadian chartered bank.

The Company had no debt as at September 30, 2020, and its credit and interest rate risk is minimal. Amounts payable and other liabilities are short term and non-interest bearing.

The Company raised capital of \$1,000,000 in July 2020 and therefore, the Company will be able to pay its overhead costs, liabilities and conduct exploration expense for both properties.

See "Risk Factors" below and "Trends and Economic Conditions" above.

### **New Accounting Standard Adopted During the Year**

#### ***IFRS 3, Business combinations (IFRS 3)***

Amendments to IFRS 3, issued in October 2018, provide clarification on the definition of a business. The amendments permit a simplified assessment to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

The amendments are effective for transactions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. The adoption of the amendments had no impact on the Company's unaudited condensed interim financial statements.

*IAS 1, Presentation of financial statements ("IAS 1")*

Amendments to IAS 1, issued in October 2018, provide clarification on the definition of material and how it should be applied. The amendments also align the definition of material across IFRS and other publications.

The amendments are effective for annual periods beginning on or after January 1, 2020 and are required to be applied prospectively. The adoption of the amendments had no impact on the Company's unaudited condensed interim financial statements.

*IAS 8, Accounting policies, changes in accounting estimates and errors ("IAS 8")*

Amendments to IAS 8, issued in October 2018, provide clarification on the definition of material and how it should be applied. The amendments also align the definition of material across IFRS and other publications.

The amendments are effective for annual periods beginning on or after January 1, 2020 and are required to be applied prospectively. The adoption of the amendments had no impact on the Company's unaudited condensed interim financial statements.

## **Outlook**

The Company is engaged in the acquisition, exploration and evaluation of properties for the mining of precious and base metals. Management is also investigating some mineral property acquisitions.

The Company will need to secure additional financing to meet its ongoing obligations; however, there is no assurance that the Company will be able to do so. See "Risk Factors".

## **Risk Factors**

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risk Factors" in the Company's Annual MD&A for year ended December 31, 2019, available on SEDAR at [www.sedar.com](http://www.sedar.com).

## **Covid-19 Risks**

The worldwide emergency measures taken to combat the COVID-19 pandemic may continue, could be expanded, and could also be reintroduced in the future following relaxation. As governments implement monetary and fiscal policy changes aimed to help stabilize economies and capital markets, we cannot predict legal and regulatory responses to concerns about the COVID-19 pandemic and related public health issues and how these responses may impact our business. The COVID-19 pandemic, actions taken globally in response to it, and the ensuing economic downturn has caused significant disruption to business activities and economies. The depth, breadth and duration of these disruptions remain highly uncertain at this time. Furthermore, governments are developing frameworks for the staged resumption of business activities. As a result, it is difficult to predict how significant the impact of the COVID-19 pandemic, including any responses to it, will be on the global economy and our business. We have outlined these risks in more detail below.

### Strategic & Operational Risks

The ongoing COVID-19 pandemic could adversely impact our financial condition in future periods as a result of reduced business opportunities via acquisitions and dispositions of exploration and development properties. The uncertainty around the expected duration of the pandemic and the measures put in place by governments to respond to it could further depress business activity and financial markets. Our strategic initiatives to advance our business may be delayed or cancelled as a result.

To date, our operations have remained stable under the pandemic but there can be no assurance that our ability to continue to operate our business will not be adversely impacted, in particular to the extent that aspects of our operations which rely on services provided by third parties fail to operate as expected. The successful execution of business continuity strategies by third parties is outside our control. If one or more of the third parties to whom we outsource critical business activities fails to perform as a result of the impacts from the spread of COVID-19, it could have a material adverse effect on our business and operations.

### Liquidity risk and capital management

Extreme market volatility and stressed conditions resulting from COVID-19 and the measures implemented to control its spread could limit our access to capital markets and our ability to generate funds to meet our capital requirements. Sustained global economic uncertainty could result in more costly or limited access to funding sources. In addition, while we currently have sources of liquidity, such as cash balances, there can be no assurance that these sources will provide us with sufficient liquidity on commercially reasonable terms in the future. Extreme market volatility may leave us unable to react in a manner consistent with our historical practices.

### Market Risk

The pandemic and resulting economic downturn have created significant volatility and declines in financial and commodity markets. Central banks have announced emergency interest rate cuts, while governments are implementing unprecedented fiscal stimulus packages to support economic stability. The pandemic could result in a global recessionary environment with continued market volatility, which may continue to impact our financial condition.

## **Disclosure of Internal Controls**

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence in that (i) the unaudited condensed interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited condensed interim financial statements, and (ii) the unaudited condensed interim financial statements fairly present in all material respects the financial condition, financial performance and cash flow of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate do not make any representations relating to the establishment and maintenance of:

(i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of unaudited condensed interim financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS).

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

### **Subsequent Events**

(i) On November 2, 2020, the Company appointed John Timmons as President and CEO of the Company.

(ii) On November 2, 2020, the Company granted 950,000 stock options to certain directors, officers and consultants of the Company. All options are exercisable at a price of \$0.15 per common share. The options vest immediately and expire in five years.