KERR MINES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2020

EXPRESSED IN CANADIAN DOLLARS

Prepared by:

KERR MINES INC.

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Introduction

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Kerr Mines Inc. ("Kerr" or the "Company") constitute management's review of the factors that affected the Company's financial and operating performance for the year ended June 30, 2020 and 2019. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual consolidated financial statements of the Company for the year ended June 30, 2020 and June 30, 2019, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results for the year ended June 30, 2020 are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as of September 28, 2020, unless otherwise indicated.

The Company's consolidated financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

For the purposes of preparing this 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 Kerr 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.

Further information about the Company and its operations is available on Kerr's website at **www.kerrmines.com** or on the System for Electronic Documents Analysis and Retrieval (SEDAR) at **www.sedar.com**.

Caution Regarding Forward-looking Statements

This 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 MD&A speak only as of the date of this MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this 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.

Forward-looking statements	Assumptions	Risk factors
Potential of Kerr's interests to contain economic deposits of gold production.	Financing will be available for future exploration and development of Kerr's properties; the actual results of Kerr's exploration and development activities will be favourable; operating, exploration and development costs will not exceed Kerr's expectations; the Company will be able to retain and attract skilled staff; all requisite regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to Kerr, and applicable political and economic conditions will be favourable to Kerr; the price of gold and applicable interest and exchange rates will be favourable to Kerr; no title disputes exist with respect to the Company's properties.	Precious metal price volatility; uncertainties involved in interpreting geological data and confirming title to acquired properties; the possibility that future exploration results will not be consistent with Kerr's expectations; availability of financing for and actual results of Kerr's exploration and development activities; ongoing uncertainties relating to the COVID-19 virus; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company's ability to retain and attract skilled staff.
The Company's cash balance at June 30, 2020, is sufficient to fund its consolidated operating expenses in the short term with additional funds required for the longer term. As at June 30, 2020, the Company's consolidated cash balance is $378,331. Subsequent to the year end on August 10, 2020 the Company closed a financing for aggregate gross proceeds of $5,000,800 which will provide sufficient funds for consolidated operating expenses. Additional funds we be required for the longer term.	The operating and exploration activities of the Company for the twelve-month period ending June 30, 2021, and the costs associated therewith, will be dependent on raising sufficient capital consistent with the Company's current strategy ; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable.	Adverse changes in capital markets for debt and equity ; timing and availability of external financing on acceptable terms; ongoing uncertainties relating to the COVID-19 virus; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions.

Management's outlook regarding future trends (see "Trends").	Financing will be available for the Company's operating activities and longer-term price of gold will be favourable to the Company.	The volatility of the price of gold; changes in debt and equity markets; interest rate and exchange rate fluctuations; ongoing uncertainties relating to the COVID-19 virus; changes in economic and political conditions will impact the context of the Capital Markets.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond Kerr's ability to predict or control. Please refer to those risk factors included 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 MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Kerr'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

Kerr Mines is a TSX listed American gold company advancing the re-start of its fully permitted past-producing Copperstone gold project. The Company has a 100% leasehold interest in the exploration and development stage Copperstone project which encompasses approximately 12,258 acres of surface area and mineral rights in La Paz County, Arizona, within a 50 square km land package . Kerr Mines controls 546 federal unpatented mining claims and two Arizona state mineral leases which together comprise the Copperstone Project area. The federal claims cover approximately 10,920 acres while the state mineral leases total approximately 1,338 acres. Copperstone lies in the 350-mile long Arizona-centered Detachment Fault Terrane, stretching from southern Nevada to southeastern Arizona, and along the Colorado River between Arizona and California. The terrane includes the Mesquite Mine in California, with historic production and resources of over 10 million troy ounces of gold.

Within the Copperstone project is the Copperstone Mine. The Copperstone Mine, previously operated by Cyprus Minerals Corporation, produced nearly one-half million ounces of gold between 1987 and 1993 by way of open pit mining. Ackerman (1998) reported production by Cyprus at Copperstone of 514,000 oz of gold from 5,600,000 Mt of ore grading 2.8 g/tonne (0.089 oz/t) of gold.

Considerable infrastructure constructed by the Company's predecessor company, American Bonanza Gold Corp, remains and will serve to substantially reduce the current capital requirements for the re-start of mining operations. Existing infrastructure includes a power line and substation, three water wells, 4,300 feet of underground development, supporting infrastructure, offices, maintenance shops, a laboratory building, permitted tailings facility and 600 tons per day mineral processing facility, all sufficient for the currently contemplated restart of operations at the Copperstone Mine. In addition, the Copperstone Mine is fully permitted for immediate re-start subject to project funding with all modified permits received in 2019 and 2020.

As outlined in the National Instrument 43-101 Technical Report: Preliminary Feasibility Study for the Copperstone Project, La Paz County, Arizona, USA" dated May 18, 2018. prepared by Hard Rock Consulting, LLC and endorsed by Zachary J. Black, SME-RM; J.J. Brown, P.G., SME-RM, Jeff Choquette, P.E., MMSA-QP; Deepak Malhotra, PhD, SME-RM each of whom are independent "Qualified Persons" as defined in NI 43-101 (the "**Copperstone Report**"), the Copperstone Zone, located down dip of the ore body mined by Cyprus, using a model cut-off of 0.100 ounces per ton and a gold price per ounce of US$1,250, contains a Measured + Indicated mineral resource of 1,239,800 tons at 0.223 ounces per ton average grade for 276,100 ounces of contained gold and an Inferred resource of 734,100 tons at 0.198 ounces per ton average grade for 145,700 ounces of contained gold.

Corporate

In 2018, the Company announced that it had received approval for and signed a term sheet for a finance facility with Sprott Resource Lending (Collector) LP for up to US$25 Million of senior secured project financing to fund the development and production of gold at the Copperstone Mine (the "Sprott Project Financing Package").

On November 28, 2018, the Company closed the US$2 million (CDN$2.7 million) 9% senior redeemable convertible note (the "Sprott Note") financing with Sprott Resource Lending LP. The Sprott Note is convertible into Common Shares at any time prior to maturity at a conversion price of CDN$0.16 per share. The Corporation can redeem the Sprott Note at any time by paying the outstanding principal amount in cash, or with the agreement of the holder, in common shares of the Corporation, together with interest payable to maturity. In connection with the Sprott Note, the Corporation issued to Sprott one million common share purchase warrants entitling the holder to purchase one common share at a price of CDN$0.15 until November 27, 2021, subject to acceleration.

In connection with the Sprott Note, on November 28, 2018 the Company completed a non-brokered private placement of 21,239,409 units at a price of $0.14 per unit for gross proceeds of $2,973,517. The offering, initially announced on November 9, 2018 and targeting proceeds of $2.5 million, was oversubscribed.

The Company remains in discussion with Sprott regarding the balance of the Sprott Project Financing Package as it continues with its Resource Expansion Program and project optimization studies regarding the Copperstone Project. Any further financing from Sprott under the Sprott Project Financing Package will be subject to the Company meeting prescribed project milestones and additional conditions that may be prescribed if the financing moves forward.

The Company continues to consider other potential sources of project financing that would reduce the effective cost of capital. Any reduction would, together with the lower required project capital for the re-start of the Copperstone mine identified though the Company's internal optimization studies, further enhance project economics.

On January 8, 2019, the Company provided an operational update included: that the Company had engaged Major Drilling International to commence a resource expansion program focused on mine life extension within the C & D zones of the Copperstone Zone; that the Company is well under way with the minor modifications to its existing permits, and that the Company was proceeding with additional Metallurgical work to validate prior findings and to assess the economic viability of incorporating a SART system to exploit Copper as a by-product revenue source.

On January 31, 2019, the Company announced the appointment of Mr. Giulio T. Bonifacio as a new member to the Board of Directors. Mr. Bonifacio was the founder and CEO of Nevada Copper Corp. since inception in 2005 until 2018. He is a CPA with extensive experience in the capital markets, securities matters, project finance while also leading efforts at every stage of development from exploration, permitting, construction and production. Mr. Bonifacio was also the Co-Founder and Director of American Bonanza Gold Corp. from 2002 – 2012 during the initial development and advancement of the Copperstone Project into a high-grade underground mining opportunity.

On February 5, 2019, the Company announced that its resource expansion program commenced at the Copperstone Mine located in Arizona, USA. In addition, Kerr has received approval for the modification of a key State of Arizona Department of Environmental Quality environmental permit governing air and is continuing with advanced metallurgical testing.

On February 26, 2019, the Company announced its achievement in a 97% Gold Recovery from Metallurgical Test Work.

On April 4, 2019, the Company released initial 2019 Resource Expansion Highlights drilling results:

- Drill hole 18-08A-02 returned an interval of 12.2 meters at 11.7 g/t Au, including 3 meters of 38.3 g/t Au, indicating the zone is higher grade and thicker than initially anticipated with an effective mining width of 17.7 meters.

- Additional intervals include 6.1 meters @ 5.8 g/t Au (18-05A-01); 4.6 meters @ 9.8 g/t Au (18-05A-06) and 4.6 meters @ 18.3 g/t Au (18-08A-03).

On April 15, 2019, the Company announced the appointment of Mr. Giulio T. Bonifacio as Chief Executive Officer and completed a non-brokered private placement of 3,350,000 units of the Company at a price of $0.14 per unit for gross proceeds of $469,000. Mr. Bonifacio subscribed for 3,000,000 units of the offering and Peter Damouni, a director of the Company, subscribed for 350,000 units of the offering. Claudio Ciavarella resigned from the Chief Executive Officer position and was appointed Executive Vice-Chairman.

On May 1, 2019, the Company released further drill results from its drilling program:

- Drill hole 18-21-06, an exploration step-out hole returned an interval of 16.8 meters at 40.0 g/t gold, including 3 meters of 98.3 g/t gold further indicating the zone is significantly of higher grade and thickness than initially anticipated with a total effective mining width of 17.9 meters.

- Drill hole 18-21-04, an exploration step-out hole returned an interval of 10.7 meters at 17.5 g/t gold, including 6.1 meters of 29.5 g/t gold with a total effective mining width of 12 meters.

On June 5, 2019, the Company released additional results from its drill program:

- Drill hole 18-21A-05, an exploration step-out hole, returned an interval of 6.1 meters at 15.02 g/t gold, including 3 meters of 22.4 g/t gold further indicating the zone is significantly of higher grade and thickness than initially anticipated with a total effective mining width of 13.1 meters.

- Drill hole 18-04-01, a conversion hole returned, an interval of 6.1 meters at 15.91 g/t gold, including 4.6 meters of 21.02 g/t gold with a total effective mining width of 3.2 meters.

On July 9, 2019, the Company released final results from its 2019 Resource Expansion program:

- Drill Hole 18-18-02, a conversion hole, returned a high-grade gold mineralized interval of 3 meters at 27.45 g/t gold, including 1.5 meters of 52.30 g/t gold, in an area where additional down-dip step-out drilling is planned for the next phase of drilling while further indicating the zone is significantly of higher grade and thickness than initially anticipated.

- Drill Hole 18-05-06, a conversion hole, intercepted Indicated resource of 6.1 meters at 3.71 g/t gold, which along with an intercept in nearby drill hole 18-05A-06 of 7.6 meters at 3.80 g/t gold, demonstrates the width and strong continuity of mineralization in this area and is expected to allow for the expansion of a designed stope panel, the edge of which is 15.2 meters down-dip.

On September 5, 2019, Mr. Bonifacio exercised 2,200,000 stock options at an exercise price of $0.125 per share for total gross proceeds of $275,000.

On September 19, 2019, the Company announced the granting of another key environmental permit modification. The permit modification received is the Arizona Department of Environmental Quality Aquifer Protection Permit which regulates water quality.

On January 22, 2020 the U.S. Bureau of Land Management ("BLM") issued a Decision of Record ("DOR") based on a finding of no significant impact ("FONSI") formally approving Kerr Mines Inc.'s Mine Plan of Operations ("MPO") at its 100-percent-owned Copperstone Mine gold project located in Arizona.

Following Kerr Mines' application in June of 2018, the BLM conducted an environmental assessment on the Copperstone Mine as required by National Environmental Policy Act. This process involved a number of independent studies to evaluate the effect of the project including cultural and biological resources, traffic, noise, water and air quality. Additionally, the BLM provided for public comment allowing the public to review study results, discuss the proposed plans with Kerr's representatives and submit formal comments to BLM.

Receipt of the DOR based on FONSI and approved MPO was part of strategic value-enhancing process undertaken by the company to restart the Copperstone gold mine and will result in the following positive project implications:

- Increase of gold ore production from the current allowable limit of 450 tons per day to 600 tons per day;
- Use of cyanide for recovery of gold from ore using captive steel tanks located in the gold ore processing facility;
- Storage of stabilized tailings produced from the ore processing facility;
- Construction and use of a water evaporation and infiltration basin to be used to manage surplus water generated from underground operations;
- Improved operating conditions, which will further improve project economics.

This final approval and receipt of the DOR marks the conclusion of the permit modification effort that commenced in 2018. On Feb. 5, 2019, the company announced the Arizona Department of Environmental Quality (ADEQ) issued approval for the modification of the existing air permit governing air quality. On Sept.

19, 2019, the company announced the ADEQ issued approval for the modification of the existing aquifer protection permit. The water permit is effective for the life of mine and the air permit is valid for five years.

On February 28, 2020, the Company closed a private placement, by issuing 22,913,486 units of the Company (the "Units") at a price of $0.14 per Unit for total gross proceeds of $3,207,888. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to acquire a common share at a price of $0.21 per share for a period of 24 months from the date of issuance, provided, that if, at any time the common shares trade at a volume weighted average trading price of $0.30, or greater, per share for a period of 20 consecutive trading days. The Company may accelerate the expiry date of the warrants by giving notice to the holders thereof and in such case the warrants will expire on the 30th day after the date on which such notice is given by the Company.

On March 20, 2020, the Company completed an addition of US$500,000 under its current US$1.5 million senior secured convertible note. The Sprott Note bears interest at a rate of 9% per annum payable semi-annually. The maturity date of the Sprott Note has also been extended to May 31, 2021. The new US$500,000 advance under the Sprott Note is convertible into Common Shares at any time prior to maturity at a conversion price of CDN$0.13 per share. In connection with the Sprott Note and the extension, the Company issued to Sprott an additional 650,000 common share purchase warrants (the "Sprott Warrants"). Each Sprott Warrant entitles the holder to purchase one Common Share at a price of $0.13 until November 28, 2023. The Company and Sprott have also agreed to extend the expiry date of the 1,000,000 common share purchase warrants at a price of $0.15 issued to Sprott on November 28, 2018 in connection with the issuance of the Sprott Note from November 28, 2021 to November 28, 2023. The extension became effective on April 6, 2020.

The financings announced on February 28, 2020 and March 23, 2020 was for purposes of funding the mine life extension and resource expansion drilling program which was initially scheduled to commence in Q2-2020. This was postponed as a result of a localized failure of the highwall of the historic open pit mine at the Copperstone Project. The highwall failure impacted certain of the infrastructure at one of the two portals to the underground workings, including the power infrastructure. Initial estimates to repair the damage were approximately US$1 million. The Company advised its insurers of the incident and the insurers sent claim adjusters to site to review all damages. Initial oral and written representations from the Company's insurers indicated that all damages would be covered and that the costs of remediation of the damages would also be recoverable.

To date the Company has received insurance proceeds of US$260,000. The remediation was completed in June, 2020 at a total cost of approximately US$1.8 million. The actual costs were higher than estimated due to significantly higher costs to provide temporary power to the underground workings required to ensure on-going dewatering and mitigate incurring further damages. During the remediation process and since its completion the Company has been provided the insurers with all required documentation to substantiate the entire claim. As a result of the further delays by the insurer, the Company filed a Statement of Claim on August 12, 2020 and intends to pursue the remaining amount payable under this claim.

At June 30, 2020, the Company had assets of $18,277,460 (June 30, 2019 - $18,465,142) and a net deficit position of $676,941 (June 30, 2019 – net equity of $1,512,411). At June 30, 2020, the Company had current liabilities of $3,750,969 (June 30, 2019 - $697,666). The Company had net exploration and evaluation expenditures of $3,887,727 during the twelve months ended June 30, 2020 (twelve months ended June 30, 2019 - $6,075,916) on its gold interests.

Current and Future Plans Related to Exploration and Development Activities

In 2019 the Company completed 5,030 meters of its mine life extension and resource expansion program. In September 2020 commenced its next phase of up to 10,000 meters of surface and underground drilling. The Company will continue to target the Copperstone zone and newly discovered mineralized zone, the Footwall Zone, at the Copperstone Project with a focus on mine life extension and resource expansion. See "Liquidity and Capital Resources" below.

In accordance with Copperstone preliminary feasibility study published in 2018, the Company is continuing efforts to improve and optimize project economics while extending the current mine life. The company anticipates a reduction in the estimated initial project capital from what has been reflected in the Copperstone prefeasibility study. These reductions are facilitated by way of internal trade-off studies and advancement of the detailed engineering of the mine and mineral processing. These reductions are expected to improve project economics as a result of moving forward with a mineral processing strategy that moves to refurbishment and modification of the existing mineral processing and gold recovery circuit.

The mineral processing optimization work is being performed primarily with Resource Development Inc. and FLSmidth, and is based on historic and recent metallurgical test work, packaged pricing, and a thorough assessment of refurbishment costs. Further metallurgical testing will be completed in order to complete the optimization of the existing plant flow sheet and bring both cost and gold production performance to final detailed engineering level prior to the commencement of any refurbishment and modification activities.

In addition, further project optimization is being undertaken on the mine operations aspect of the project. In an effort to further reduce execution risk, the company has been actively engaged with mine operations contractors in planning several options to use contractor services in the preproduction and startup phases of mine production and development.

Operational Highlights

The Company is focused on delivering shareholder value in the following ways:

- Continue to execute on its Resource Expansion and Mine Life Extension Program consisting of exploration drilling with the goal of adding new resources and in-fill drilling for the purposes of converting existing resources to higher classification and inclusion into Proven and Probable Reserves.

- Continue to advance the Coppertone Project with the goal of achieving commercial production with a development plan for production of up to approximately 35,000 to 40,000 ounces of gold per annum with a current mine life of 4-5 years, which will include:

    - Completing metallurgical testing to provide information for detailed gold processing plant design and detailed engineering for the mine and mill.

    - Undertaking mobile and fixed equipment purchases.

    - Enhancing existing mine development to provide access to newly defined mining areas.

    - Continuing efforts to further optimize the project including advancing detailed engineering and project costing related to the mine and mill.

- Pursuing the necessary project financing.

Operational Update

The Company announced results from preliminary feasibility study highlights in April 2018. Copperstone PFS highlights (all values US$ unless otherwise noted) included:

- Base case $1,250/oz gold;
- Initial capital of $22.7 million which includes a mine equipment capital lease;
- Study life operating margin (EBITDA) of $89M, Internal rate of return of 40%;
- Payback of initial capital within 2.3 years of 2019 production start;
- Recovery of gold averaging 95% using crushing, grinding and whole ore leach;
- Average annual sales of 38,347 ounces gold;
- Cash Operating Cost of $684 per gold ounce;
- All-in Sustaining Cost ("AISC") of $875 per gold ounce;
- Measured and Indicated ("M&I") Mineral Resources of 1,124,800 tonnes averaging 7.63 g/tonne gold;
- 276,100 ounces contained gold in M&I Resource;
- Inferred Mineral Resources of 666,000 tonnes averaging 6.81 g/tonne gold;
- 145,700 ounces contained gold in Inferred;
- Proven and Probable ("P&P") Mineral Reserves of 802,048 tonnes averaging 6.79 g/tonne gold;
- 175,093 ounces contained gold in P&P Reserve;
- M&I gold resources ounces, which are not part of the P&P reserve ounces, are targeted for potential inclusion in the P&P reserves through recommended future drilling;
- Inferred gold resources are open for further expansion and conversion through recommended future drilling in the Copperstone and Footwall zones.

On January 8, 2019, the Company provided an operational update included: that the Company had engaged a drilling contractor to commence a resource expansion program focused on resource expansion and mine life extension within the C & D zones of the Copperstone Zone. The Company also conducted additional Metallurgical work to validate prior findings and to assess the economic viability of incorporating a Sulfidization, Acidification, Thickening and Recycling ("SART") system to exploit Copper as a by-product revenue source.

On February 5, 2019, the Company announced that the Phase I resource expansion program has commenced at the Copperstone Mine located in Arizona, USA. In addition, Kerr has received approval for the modification of a key State of Arizona Department of Environmental Quality environmental permit governing air and is continuing with advanced metallurgical testing.

On February 26, 2019, the Company announced that it had achieved 97% Gold recovery from Whole Ore Leach metallurgical testwork. The testwork resulted in higher gold recoveries than were indicated in the 2018 PFS (97% vs. 95%) and up to US$2.50 per ton milled lower operating costs due to lower reagent consumption.

On April 4, 2019, the Company announced initial results from its Phase II underground resource expansion program. Highlights include drill hole 18-08A-02 returning an interval of 12.2 meters at 11.7 g/t gold, **including 3 meters of 38.3 g/t gold**, indicating the zone is higher grade and thicker than initially anticipated with an effective mining width of 17.7 meters. Drilling established continuity between previously drilled mineralized intercepts in the existing Inferred category while extending mineralization along strike and dip.

On May 1, 2019, the Company announced further results from its Phase II underground resource expansion program. Highlights include drill hole 18-21-06, an exploration step-out hole, returned an interval of **16.8 meters at 40.0 g/t gold**, **including 3 meters of 98.26 g/t gold** further indicating the zone is significantly of higher grade and thickness than initially anticipated with a total effective mining width of 17.9 meters. Drilling also further established continuity between previously drilled mineralized intercepts in the existing Inferred category while extending mineralization along strike and dip

On June 5, 2019 and July 9, 2019 the Company released and final drilling results for a total drilling program of 5,060 meters was completed which was focused on the D and C zones of the Copperstone zones to increase mine life by adding new Inferred resources and converting new and existing Inferred resources into Measured and Indicated resources.

On September 19, 2019, the Company announced the granting of another key environmental permit modification. The permit modification received is the Arizona Department of Environmental Quality Aquifer Protection Permit which regulates water quality.

On January 22, 2020 the U.S. Bureau of Land Management ("BLM") issued a Decision of Record ("DOR") based on a Finding of No Significant Impact ("FONSI") formally approving Kerr's Mining Plan of Operation ("MPO") at its 100% owned Copperstone Mine gold project located in Arizona, USA.

Receipt of the DOR based on FONSI and approved MPO was part of strategic value-enhancing process undertaken by the Company to re-start the Copperstone gold mine and will result in the following positive project implications:

- Increase of gold ore production from the current allowable limit of 450 tons per day to 600 tons per day;
- Use of cyanide for recovery of gold from ore using captive steel tanks located in the gold ore processing facility;
- Storage of stabilized tailings produced from the ore processing facility;
- Construction and use of a water evaporation and infiltration basin to be used to manage surplus water generated from underground operations; and,
- Improved operating conditions which will further improve project economics.

Technical Disclosure

Scientific and Technical information in this AIF has been reviewed and approved by Michael R. Smith, SME Registered Member (Geology), and a "qualified person" under NI 43-101.

Trends

Although there can be no assurance that additional funding will be available to the Company, management is of the opinion that the project is at a pre-production stage and hence it may be possible to obtain additional funding for its project.

Due to the reaction 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 policies related to COVID-19 may have on:

- Global gold 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 labor availability and supply lines;
- Availability of government supplies, such as water and electricity;
- The ability to complete a transaction;
- Purchasing power of the Canadian dollar and United States Dollar; and
- Ability to obtain funding.

The Canadian federal government, the provincial government of Ontario and the government of the United States of American 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 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. See "Risk Factors" below.

Quarterly Information

A summary of selected financial information of Kerr for each of the eight most recent completed quarters is as follows:

Three Months Ended	Total Revenue ($)	Loss (Income)		Total Assets ($)
		Total ($)	Per Share ($)	
June 30, 2020	-	4,099,398	0.01	18,277,460
March 31, 2020	-	160,483	0.00	20,182,136
December 31, 2019	-	1,452,540	0.01	17,726,045
September 30, 2019	-	1,372,096	0.00	17,965,626
June 30, 2019	-	3,323,212	0.01	18,465,142
March 31, 2019	-	2,327,192	0.01	20,104,161
December 31, 2018	-	2,182,851	0.01	22,626,901
September 30, 2018	-	1,179,153	0.00	19,012,390

Discussion of Operations

Three months ended June 30, 2020, compared with the three months ended June 30, 2019
Kerr's net loss totaled $4,099,398 for the three months ended June 30, 2020, with basic and diluted loss per share of $0.01. This compares with a net loss of $3,323,212 with basic and diluted loss per share of

$0.01 for the three months ended June 30, 2019. The increase in the net loss of $776,186, was principally because:

- For the three months ended June 30, 2020, the Company recorded a loss on foreign exchange expense of $818,714, compared to a loss $130,067 for the three months ended June 30, 2019 due to the fluctuations in the exchange rate;

- Exploration and evaluation expenditures for the three months ended June 30, 2020 were $1,807,350 (three months ended June 30, 2019 - $1,595,026);

- Share-based payments were $831,036 during the three months ended June 30, 2020, compared to $317,758 for the three months ended June 30, 2019 due to vesting of options issued.

This was offset by:

- For the three months ended June 30, 2020, the Company recorded shareholder relations expense of ($12,103), compared to $42,140 for the three months ended June 30, 2019 and promotion and travel of $nil for the three months ended June 30, 2020 compare to $33,385 for the three months ended June 30, 2019. Shareholder relation, promotion and travel decreased due to various brand awareness campaigns.

<u>Year ended June 30, 2020, compared with the year ended June 30, 2019</u>
Kerr's net loss totaled $7,084,517 for the year ended June 30, 2020, with basic and diluted loss per share of $0.02. This compares with a net loss of $9,012,408 with basic and diluted loss per share of $0.03 for the year ended June 30, 2019. The decrease in the net loss of $1,927,891, was principally because:

- Exploration and evaluation expenditures for the year ended June 30, 2020 were $3,887,727 (year ended June 30, 2019 - $6,075,916);

- For the year ended June 30, 2020, the Company recorded a foreign exchange gain of $457,392, compared to a foreign exchange loss of $47,429 for the year ended June 30, 2019, due to the fluctuations in the exchange rate.

- The Company recorded a net loss on the disposal of other assets of $171,105 for the year ended June 30, 2020 compare to a loss of $439,598 for the year ended June 30, 2019 due to the disposal and impairment of assets;

This was offset by:

- The Company recorded a net gain on the disposal of other assets of $nil for the year ended June 30, 2020 compare to a gain of $491,963 for the year ended June 30, 2019 due to sale of McGarry assets to Orefinders Resources Inc.;

- Share-based payments were $1,100,707 during the year ended June 30, 2020, compared to $474,856 for the year ended June 30, 2019 due to vesting of options issued;

- Consulting fees were $386,540 during the year ended June 30, 2020, compared to $137,547 for the year ended June 30, 2019 due increase in management fees.

Liquidity and Capital Resources

The activities of the Company, principally the exploration and development of its flagship asset, the Copperstone project, and are financed through the completion of equity transactions such as equity offerings and the exercise of stock options and warrants.

The Company had cash of $378,331 at June 30, 2020 (June 30, 2019 - $446,477). The decrease in cash of $68,146 during the year ended June 30, 2020 was primarily due to the cash used in operating activities of $3,750,779 and cash provided by financing activities of $4,189,416.

Cash used in operating activities was $3,750,779 for the year ended June 30, 2020. Operating activities were affected by changes in non-cash working capital balances because of decreases in amounts receivable of $157,245, and increases in prepaid expenditures and other assets of $60,348 and accounts payable and accrued liabilities of $501,456. The Company also recorded depreciation of assets of $402,523, share-based payment of $1,100,707, accrued interest of $848,475, losses on disposal of other assets of $171,105 and fair value adjustment on derivative liability of $468,524. Cash used in operating activities for the year ended June 30, 2019 were $7,548,089 and affected by changes in non-cash working capital balances because of an increase in accounts payable and accrued liabilities of $157,429, and increases in amounts receivable of $4,025, and prepaid expenditures and other assets of $51,374. The Company also recorded depreciation of assets of $454,066, share-based payment of $474,856, a net gain on disposal of assets of $491,963; losses on disposal of other assets of $439,598 and realized loss on marketable securities of $148,994.

Cash used in investing activities was $nil, for the year ended June 30, 2020. For the year ended June 30, 2019, cash provided by investing activities was $404,026 due to sale of marketable securities.

Cash provided by financing activities was $4,189,416, for the year ended June 30, 2020, primarily because the proceeds received from issuing 22,913,486 units of the Company at a price of $0.14 per unit for total gross proceeds of $3,207,888, an additional CDN$724,000 under its current US$1.5 million senior secured convertible note, other loans of $212,869 and $275,000 with the exercise of options. For the year ended June 30, 2019, cash provided by financing activities was $6,359,661, primarily because of net proceeds of $3,386,395 received from the private placement by issuing 21,239,409 units at a price of $0.14 per unit. The Company also closed the US$2 million ($2,660,400) senior secured convertible note financing with Sprott Private Resource Lending.

As of June 30, 2020, the Company had 310,342,553 common shares issued and outstanding, 21,700,000 options that would raise approximately $3,770,000 if exercised and vested in full, and 49,152,895 warrants outstanding that would raise approximately $10,210,000, if exercised in full. This is not anticipated until the market price of the Company's traded common shares increases.

At June 30, 2020, the Company had a working capital deficiency of $3,149,272 (June 30, 2019 - working capital of $165,244). Based on the rate of expenditure, the Company does not have sufficient cash on hand and will have to raise equity capital in the near term in amounts sufficient to fund both exploration work and working capital requirements. Currently, the Company's operating expenses are approximately $150,000 to $225,000 per month for management fees, month-to-month professional fees and other working capital related expenses.

Subsequent to the year ended June 30, 2020, the Company closed a bought deal financing for aggregate gross proceeds of $5,000,800 (the "Offering"). Pursuant to the Offering, the Company issued a total of

35,720,000 units of the Company (the "Units") at a price of C$0.14 per Unit. Each Unit consists of one common share in the capital of the Company (a "Common Share") and one half of one Common Share purchase warrant (a "Warrant"). Each whole Warrant entitles the holder thereof to purchase one Common Share at a price of C$0.22 for a period of 24 months. Haywood Securities Inc. acted as sole underwriter for the Offering. The Company intends to use the majority of the proceeds towards advancing work related to its planned exploration and development program at the Copperstone Project during 2020 and 2021, as set out below:

Activity or Nature of Expenditure	Estimated Use of Net Proceeds ($)
Copperstone Project Drilling(1)	2,125,000
Metallurgical Testing and Engineering	200,000
Technical Report(2)	150,000
Site Cost & Personnel(3)	1,000,000
Accounts Payable	450,000
General & Administrative & Working Capital	75,752
Total Net Proceeds	**$4,500,752**

Notes:
(1) Approximately 8,000 meters inclusive of sampling cost, assaying, logging and consumables. Estimated based on actual drilling costs previously incurred, being an approximate average cost of $260 per meter for core drilling and reverse circulation drilling.
(2) NI 43-101 technical report with updated resource estimate.
(3) Includes site labor, utilities monthly recurring costs.

Although the Company intends to expend the net proceeds from the Offering as set forth above, there may be circumstances where, for sound business reasons, a reallocation of funds may be deemed prudent or necessary and may vary materially from that set forth above, as the amounts actually allocated and spent will depend on a number of factors, including the Company's ability to execute on its business plan. While actual expenditures may differ from the above amounts and allocations, the net proceeds will be used by the Company in furtherance of, and for activities at, the Copperstone Project and for corporate development and for general corporate purposes. All operational personnel required for the drill program are currently located in the United States and, as such, there is no necessity for any person to enter into the United States and the Company is not aware of any US federal or state executive orders or restrictions that are expected to affect the commencement of the drill program. Although the Company believes that the pandemic will not impact the Company's ability to complete the current drill program, the future impacts of the pandemic on the operations of the Company cannot be predicted as many of the factors are not within the control of the Company. Potential delays in exploration activities or stoppages to exploration activities could result in additional costs, project delays, cost overruns, and operational restart costs. See "Risk Factors" below.

At the date of this MD&A, the second phase of resource expansion drilling of up to 10,000 meters has commenced at the Copperstone project.

The Company is in the exploration and development stage with no source of operating revenue and is dependent upon equity or debt financing to maintain its current operations. Accordingly, the Company had negative operating cash flows for the financial year ended June 30, 2020 and 2019. The Company anticipates that negative operating cash flows will continue until profitable commercial production is achieved at the Copperstone Project. As a result, certain of the net proceeds from the Offering may be used to fund such negative cash flow from operating activities in future periods.

The Company will need to secure additional financing to carry on further project development and normal course business activities. Although the Company has been successful in raising funds to date, there is no assurance that future equity capital or debt will be available to the Company in the amounts or at the times desired or on terms that are acceptable to the Company, if at all. Management remains confident that with the continued support of its advisors, strategic shareholders and creditors and improving equity markets, it will be able to proceed with its strategy to further develop and re-start commercial production at the Copperstone Mine.

See "Risk Factors" below.

Outstanding Share Data

As at the date of this MD&A, the Company had the following number of common shares and issuable shares outstanding:

Securities	
Common shares	346,062,553
Issuable under options	21,700,000
Issuable under warrants	69,156,095
Total Securities	**436,918,648**

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

The Chief Executive Officer and Chief Financial Officer are responsible for certifying the design of the Company's ICFR as required by Multilateral Instrument 52-109 – "Certification of Disclosure in Issuers' Annual and Interim Filings" and CSA staff notice 52- 316 – "Certification of Design of Internal Control over Financial Reporting". The Company's ICFR are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with applicable accounting standards. ICFR should include those policies and procedures that establish the following:

- maintenance of records in reasonable detail that accurately and fairly reflect the transactions and dispositions of the Company's assets;
- reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with applicable accounting standards;
- receipts and expenditures are only being made in accordance with authorizations of management and the Board of Directors; and
- reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the consolidated financial statements.

Because of their inherent limitations, ICFR may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Chief Executive Officer and Chief Financial Officer have evaluated the Company's ICFR and concluded that they are effective as at June 30, 2020. Management follows the Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company has designed appropriate ICFR for the nature and size of its business, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements for external purposes in accordance with applicable accounting standards.

Critical Accounting Judgements, Estimates and Assumptions

The Company makes estimates about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates.

Judgments:

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next year are discussed below:

<u>Exploration and evaluation stage</u>
In management's judgement, the Company's operations are in the exploration and evaluation stage.

<u>Mineral properties</u>
Operating levels intended by management for the Copperstone mine

Prior to a mine being capable of operating at levels intended by management, costs incurred are either expensed or capitalized based on the type of costs incurred. Costs related to developing the property are generally capitalized, while care and maintenance costs and costs related to exploration and evaluating new ore bodies are expensed. Management considers the Copperstone mine is capable of operating at levels intended by management once it reached consistent production of no less than 60% of planned volume for a period of 30 consecutive days. As of June 30, 2020, and June 30, 2019, the Copperstone mine had not met this target.

<u>Functional currency</u>
The functional currency for the Company's subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

<u>Impairment of property, plant and equipment</u>
Assets or cash generating units are evaluated at each reporting date 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 recognized to the extent that carrying amount exceeds recoverable amount. The recoverable amount of an asset or cash-generating group of assets is measured at the higher of fair value less costs to sell and value in use.

Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's-length transaction between knowledgeable and willing parties, and is generally determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset, including any expansion prospects, and its eventual disposal.

Present values are determined using a risk-adjusted pre-tax discount rate appropriate for the risks inherent to the asset. Future cash flow estimates are based on expected production and sales volumes, commodity prices (considering current and historical prices, price trends and related factors), reserves, operating costs, restoration and rehabilitation costs and future capital expenditure. The Company's management is required to make these estimates and assumptions which are subject to risk and uncertainty; hence, there is a possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances, some or all of the carrying value of the asset may be impaired and the impairment would be charged against profit or loss.

Estimates:

The following are some of the more significant estimates made in the preparation of these consolidated financial statements:

Provisions
Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

The Company's mining activities are subject to various laws and regulations governing the protection of the environment. The Company recognizes management's best estimate for asset retirement obligations in the period in which they occur. Actual costs incurred in future periods could differ materially from the estimates. The ultimate cost of environmental remediation can vary in response to many factors including future changes to environmental laws and regulations, the emergence of new restoration techniques, changes in the life of mine estimates and in discount rates, which could affect the carrying amount of this provision.

Derivatives and Debt Valuation
The valuation of debt and embedded derivatives for convertible instruments is based on the application of a recognized option valuation formula, which is highly dependent on, amongst other things, the expected volatility of the Company's registered shares and the expected life of the options. The Company uses an expected volatility rate for its shares based on past stock trading data, adjusted for future expectations, and actual volatility may be significantly different.

The resulting value calculated is not necessarily the value that the holder of the instrument could receive in an arm's length transaction. It is management's view that the value derived is highly subjective and dependent entirely upon the input assumptions made.

Share-based payments
The fair value of share-based payments are estimated using the Black-Scholes option pricing model and rely on a number of estimates, such as the expected life of the option, the volatility of the underlying share price, the risk free rate of return, and the estimated rate of forfeiture of options granted.

Allowance for expected credit losses
IFRS 9 Financial instruments introduces an expected credit loss ("ECL") impairment model applicable to all debt instruments within financial assets classified as amortized cost or at fair value through other comprehensive income ("FVTOCI"), as well as certain off-balance sheet loan commitments. The general principle of the ECL model is to reflect the pattern of deterioration or improvement in the credit quality of the associated financial instruments. The calculated allowance is designed to be an unbiased and probability-

weighted amount that has been determined by evaluating possible outcomes; the time value of money; reasonable and supportable information about past events; and current and forecasted economic conditions. The IFRS 9 ECL approach has three stages:

Stage 1 – includes financial instruments that have not had a significant increase in credit risk since initial recognition, or that have low credit risk at the reporting date. An ECL equal to expected credit losses resulting from default events over the next 12 months is recognized and interest revenue is calculated on the assets' gross carrying amounts;

Stage 2 – includes financial instruments that have had significant increase in credit risk since initial recognition, but for which there is no objective evidence of impairment at the reporting date. An ECL equal to expected credit losses resulting from default events over the assets' lifetime ("lifetime ECL") is recognized and interest revenue is calculated on the assets' gross carrying amounts. In general, an asset's lifetime is considered to be its remaining contractual lifetime;

Stage 3 – includes financial instruments that have objective evidence of impairment at the reporting date. The lifetime ECL is recognized and interest revenue is calculated on the assets' net carrying amounts, which are determined as the asset amount net of their lifetime ECL.

Capital Management

The Company manages its capital with the following objectives:

- to safeguard the Company's ability to continue as a going concern,
- to raise sufficient proceeds from share issues to meet general, administrative and exploration and development expenditures to advance the Copperstone project, and
- to provide an adequate return to shareholders by advancing the Company's projects to production while ensuring it meets the listing requirements of the Toronto Stock Exchange.

The Company has promissory notes payable, convertible promissory notes payable, accounts payable and accrued liabilities and equity, and consequently defines capital as all of the components of debt and equity which as at June 30, 2020 amount to $14,030,584 (June 30, 2019- $15,025,187). The Company's capital structure is adjusted based on the funds available to the Company such that it may continue exploration and development of its properties for the mining of minerals that are economically recoverable. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company's properties are in the exploration and development stage and, as a result, the Company currently has no source of operating cash flow. The Company intends to raise such funds as and when required to complete its projects. There is no assurance that the Company will be able to raise additional funds on reasonable terms. The only sources of future funds presently available to the Company are through the exercise of outstanding stock options or warrants, the sale of equity capital of the Company or the sale by the Company of an interest in any of its properties in whole or in part. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the Company.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended June 30, 2020.

Financial Instruments

Fair value hierarchy - IFRS 7, Financial instruments: Disclosures, establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: Valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3: Valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Marketable securities and restricted investments are marked to market at each period end and so the carrying amount also represents the fair value. Both are classified as level 1 financial instruments.

In these consolidated financial statements, classification of financial assets and liabilities measured at fair value is as follows:

As at June 30, 2020	Level 1 $	Level 2 $	Level 3 $
Marketable securities	2,519	-	-
Restricted cash	1,146,909	-	-
Derivative in convertible promissory notes payable	-	(208,786)	-
Decommissioning liabilities	-	-	(2,530,645))
Totals	**1,149,428**	**(208,786)**	**(2,530,645)**

As at June 30, 2019	Level 1 $	Level 2 $	Level 3 $
Marketable securities	2,519	-	-
Restricted cash	1,067,876	-	-
Derivative in convertible promissory notes payable	-	(430,295)	-
Decommissioning liabilities	-	-	(2,271,222)
Totals	**1,070,395**	**(430,295)**	**(2,271,222)**

During the year ended June 30, 2020 and year ended June 30, 2019, there were no transfers of amounts between fair value levels.

Interest Rate and Credit Risk

The Company has cash and restricted investment balances. Generally, these deposits may be redeemed upon demand and are maintained with financial institutions of reputable credit and therefore bear minimal risk.

An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information when necessary. As at June 30, 2020, there were no receivables past due.

The majority of the Company's borrowings are fixed rate and therefore are not exposed to fluctuations in interest rates. Deposits held with banks may exceed the amount of insurance provided on such deposits.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2020, the Company had cash of $378,331 (June 30, 2019 - $446,477) to settle current financial liabilities of $3,750,969 (June 30, 2019 - $697,666). There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company.

If additional financing is raised by the issuance of shares from the treasury of the Company, control of the Company may change, and shareholders may suffer additional dilution.

	Payments due by period				
Contractual obligations	**Total $**	**Less than 1 year $**	**1 – 3 years $**	**4 – 5 years $**	**After 5 years $**
Accounts payable and accrued liabilities	1,199,122	1,199,122	-	-	-
Promissory notes payable	7,031,402	-	7,031,402	-	-
Convertible promissory notes payable	7,676,123	2,725.600	5,217.630	-	-
Lease liability	64,884	32,442	32,442	-	-
Other loan	212,869	-	212,869	-	-
Provisions	2,530,645	-	-	-	2,530,645
	18,982,152	**3.957,164**	**12.494,343**	**-**	**2,530,645**

Currency Risk

The Company's exploration activities are conducted in Ontario, Canada and Arizona, United States. Major purchases and exploration expenditures are transacted in US dollars. Administrative expenditures and cash and cash equivalents balances are primarily transacted in Canadian dollars. The Company has exposure to foreign currency risk on its cash held in US bank, convertible promissory notes payable and lease obligation. As at June 30, 2020, the Company held US$931,564 of monetary assets and held US$10,805,199 in monetary liabilities. A $0.05 fluctuation in the value of the Canadian dollar would result in an increase or decrease to profit or loss of approximately $6,996. The Company mitigates the risk of foreign currency fluctuations by converting Canadian dollars to US currency when required to fund expenditures. The Company does not currently hedge its foreign exchange risk.

New Standard Adopted

Leases ("IFRS 16")
IFRS 16 was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease.

New Standards not yet Adopted

IFRS 10 - Consolidated Financial Statements ("IFRS 10"). IFRS 10 and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

Related Party Balances and Transactions

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

The noted transactions below are in the normal course of business and are measured at the exchange amount, as agreed to by the parties, and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

(a) The Company has entered into a series of financial transactions with related parties Braydon Capital Corporation ("Braydon"), a company controlled by Claudio Ciavarella, a director and shareholder of Kerr, and Trans Oceanic Minerals Corporation Ltd. ("Trans Oceanic") and Tamimi Investment & Mining Company (Tamimi"), companies controlled by Fahad Al Tamimi, Kerr's Chairman of the Board, a shareholder and creditor of Kerr.

- Braydon provided a promissory note ("Promissory note 1") in the amount of $3,609,763 with no fixed terms of repayment and an interest rate of 8%. The Promissory note was amended by extending the maturity date to August 2020. During the year ended June 30, 2020, the maturity date was extended to January 20, 2021 and then again to August 22, 2021. As of June 30, 2020, the balance was $4,524,557, and includes accrued interest of $914,794 (June 30, 2019 - $4,176,893 and $567,130 interest).

- Braydon and Trans Oceanic have each agreed to provide the Company with a long-term debt facility ("Promissory note 2") of CDN$1,000,000 bearing interest at 8% after the first year and having a maturity date three (3) years from the date of issuance. Kerr has drawn against these facilities to meet its on-going working capital requirements, short term obligations and the payment of settlement amounts to various creditors. The notes are secured by a general security agreement in the Copperstone Mine. The long-term debt facility was amended by extending the maturity date to August 2020. During the year ended June 30, 2020, the maturity date was extended to January 20, 2021 and then again to August 22, 2021. The balance as of June 30, 2020 of $2,506,845 includes accrued interest of $506,845 (June 30, 2019 - $2,314,220 and $314,220 interest).

- The Company issued a convertible promissory note in the amount of US$2,054,570, to Northern Energy and Mining Inc. (the "Kerr Debenture I"). The Kerr Debenture previously bore interest at the rate of 6% per annum. On August 27, 2015, an amending agreement was signed changing the rate of interest to 8% per annum and the principal amount owing to US$2,054,570 payable in full by December 15, 2015. This payment was not made and represented a default. On March 4, 2016, the Kerr Debenture was purchased by Tamimi.

  The Kerr Debenture I was secured by a general security interest in the property of Bonanza Explorations Inc. and all the outstanding share capital of the Company's wholly-owned subsidiary Bonanza Exploration Inc. The principal amount of the Kerr Debenture I is convertible into common shares of Kerr at the holder's option at a price of $0.90 per share.

  On August 22, 2016, Trans Oceanic agreed to amend the Kerr Debenture I to have a maturity date of three years from the date of issuance of the amended note and a revised interest rate of 8% compounded monthly, payable quarterly, with no interest accrued or payable during the first year. The Kerr Debenture I was amended by extending the maturity date to August 2020. During the year ended June 30, 2020, the maturity date was extended to January 20, 2021 and then again to August 22, 2021.The balance as of June 30, 2020 of $3,509,491 (US$2,757,206), includes accrued interest of $709,523 (US$520,636) (June 30, 2019 – 3,114,652 (US$2,377,363) and $422,900 (US$322,793) interest).

- On March 9, 2016, the Company arranged US$1,000,000 (CDN$1,289,400) under a convertible grid promissory note ("Kerr Debenture II") pursuant to which the Company can draw upon for general working capital purposes with Trans Oceanic. The note bore interest at 15% compounded monthly and was payable on demand. The holder has the right to convert any part of the amount owing common shares of the Company at a conversion price of $0.065 per common share. The note is secured by a general security agreement in the Copperstone Mine. As at June 30, 2016 the Company had drawn the full amount available of US$1,000,000.

  On August 22, 2016, Trans Oceanic amended the Kerr Debenture II to have a maturity date of three years from the date of issuance of these amended notes and a revised interest rate of 8% compounded monthly, payable quarterly, with no interest accrued or payable during the first year. The note is secured by a general security agreement in the Copperstone Mine. The Kerr Debenture II was amended by extending the maturity date to August 2020. During the year ended June 30, 2020, the maturity date was extended to January 20, 2021 and then again to August 22, 2021.

  The balance as of June 30, 2020 of $1,708,139 (US$1,253,404) includes accrued interest of $345,339 (US$253,404) (June 30, 2019 – $1,514,310 (US$1,157,110) and $205,610 (US$157,110) interest).

- During the year ended June 30, 2020, the amount outstanding on June 30, 2019 of $202,013 due to the Company by Trans Oceanic for the sale of the shares of Orefinders and PowerOre was repaid in full.

(b) The Company entered into the following transactions with related parties:

Names	Year Ended June 30, 2020 $	Year Ended June 30, 2019 $
The Marrelli Group (i)	64,116	59,892
Silvergate Consulting (ii)	Nil	50,000
Peterson McVicar LLP ("Peterson") (iii)	84,713	127,898
Braydon Capital Corporation (iv)	443,976	408,789
Trans Oceanic Minerals Corporation (v)	488,152	449,810
Total	**1,072,917**	**1,096,389**

(i) During the year ended June 30, 2020, the Company paid professional fees and disbursements of $64,116 (year ended June 30, 2019 - $59,892) to Marrelli Support Services Inc., DSA Corporate Services Inc., DSA Filling Services Limited, Marrelli Press Release Services Limited, together known as the "The Marrelli Group", for:

- Carmelo Marrelli, President of Marrelli Group, to act as the Chief Financial Officer ("CFO") of the Company;
- Accounting and Financial related services;
- Regulatory filing services;
- Corporate secretarial services, and
- Press release services.

These services were incurred in the normal course of operations for general accounting and financial reporting matters. As at June 30, 2020, the Marrelli Group was owed $19,396 (June 30, 2019 - $11,235).

(ii) During the year ended June 30, 2020, the Company expensed consulting fees to Silvergate Consulting, a company controlled by a director of the Company, to provide capital markets and investor relations services to the Company. The amounts paid or accrued to the firm relating to the services provided in the normal course of business for the year ended June 30, 2020 was $nil, (year ended June 30, 2019 –$50,000).

(iii) A director is a partner in a legal firm that provided legal services to the Company. The amounts paid or accrued to the firm relating to services provided in the normal course during the year ended June 30, 2020 was $84,713 (year ended June 30, 2019 - $127,898). The amounts owing to the firm as at June 30, 2020 was $66,720 (June 30, 2019 - $13,311).

(iv) During the year ended June 30, 2020, the Company accrued interest to Braydon for the promissory note payables and loan payable of $443,976, (year ended June 30, 2019 - $408,789).

(v) During the year ended June 30, 2020, the Company accrued interest to TOMC for the promissory note payables and convertible promissory notes payable of $488,152 (year ended June 30, 2019 - $449,810).

(vi) During the year ended June 30, 2020, an officer and director of the Company settled a portion of management fees for 2,200,000 stock options exercised at $0.125 per share for total proceeds of $275,000 (year ended June 30, 2019 - $nil).

(vii) During the year ended June 30, 2020, insiders of the Company subscribed for 8,107,430 units of the issued 22,913,486 units at a price of $0.14 per unit issued on February 28, 2020, and for year ended June 30, 2019, insiders of the Company subscribed for 6,798,159 Units of the issued 21,239,409 units at a price of $0.14 per unit issued on November 27, 2018.

(c) Remuneration of directors and key management personnel of the Company was as follows:

	Year Ended June 30, 2020 $	Year Ended June 30, 2019 $
Salaries and Benefits	302,108	369,669
Consulting	350,000	72,917
Total	**652,108**	**442,586**

Option-based payments [(i)]	Year Ended June 30, 2020 $	Year Ended June 30, 2019 $
Claudio Ciavarella (Executive Chairman and Director)	162,165	44,145
Martin Kostuik (President and Director)	124,017	44,145
Giulio Bonifacio (CEO and Director)	396,391	350,369
Fahad Al-Tamimi (Director)	152,591	Nil
Peter Damouni (Director)	57,222	Nil
Ayman Arekat (Director)	57,222	Nil
James McVicar (Director)	57,222	Nil
Total	**1,006,830**	**438,659**

(i) The dollar values in respect of the options were arrived at using the Black-Scholes valuation model.

The non-executive directors do not have employment or service contracts with the Company. Directors are entitled to director fees and stock options for their services.

Off-Balance-Sheet Arrangements

As of the date of this filing, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

Proposed Transactions

The Company routinely evaluates various business opportunities which could entail direct acquisitions, trades and/or divestitures. In this regard, the Company is currently in discussions with various parties, but no definitive agreements with respect to any proposed transactions have been entered into as of the date of this MD&A. There can be no assurances that any such transactions will be concluded in the future.

Risk Factors

Due to the nature and current stage of development of the Company's business, the Company is subject to various financial, operational and political risks.

A prospective investor or other person reviewing the Company for a prospective investor should not consider an investment in the Company unless the investor is capable of sustaining an economic loss of the entire investment.

The risks and uncertainties identified and described below are not necessarily the only ones that could be faced by the Company. If any of the following risks, or any other risks and uncertainties that the Company has not yet identified, actually occur, the Company's business, prospects, financial condition, results of operations, and cash flows could be materially and adversely affected.

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.

<u>Strategic & Operational Risks</u>

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 out capital requirements. Sustained global economic uncertainty could result in more costly or limited access to funding sources. In addition, while we currently have a sources of liquidity such as cash balances and, 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 investment 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.

Exploration and Mining Risks

The business of mining and exploring for minerals involves a high degree of risk. Due in some cases to factors that cannot be foreseen, only a small proportion of the properties that are explored worldwide are ultimately developed into producing mines. At present, the Company's Copperstone project has 175,093 oz of proven or probable gold reserves and future programs are an exploratory search for additional and contiguous economically recoverable volumes of minerals or metals which ultimately can be classified as proven or probable reserves. The areas of exploration that are currently being assessed by the Company may not contain economically recoverable volumes of minerals or metals. The exploration programs of the Company may be disrupted by a variety of risks and hazards which are beyond the control of the Company, including labor disruptions, the inability to obtain suitable or adequate machinery, equipment or labor and other risks involved in the conduct of exploration programs. Once economically recoverable volumes of minerals are found, substantial expenditures are required to establish reserves through drilling to develop metallurgical processes, and to develop the infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities or having sufficient grade to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing gold, copper and other mineral properties is affected by many factors including the cost of operations, variations of the grade of ore mined, fluctuations in the price of minerals produced, costs of processing equipment and such other factors as government regulations, including regulations relating to environmental protection. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material.

Financing Risks

The Company has limited financial resources and has no assurance that additional funding will be available to it for further exploration and development of its projects. Further exploration and development of one or more of the Company's properties will be dependent upon the Company's ability to obtain financing through joint ventures, equity or debt financing or other means, and although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects.

Credit Risk

Credit risk is the risk that a client or vendor will be unable to pay or receive any amounts owed or owing by the Company. Management's assessment of the Company's risk is low as it is primarily attributable to money-market funds held in a Canadian bank, Goods and Services Tax due from the Federal Government of Canada. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its bank.

Interest Rate Risk

The Company has cash balances, short-term interest-bearing debt and some long-term interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institution. The short-term note and long-term loans bear interest at fixed rates.

Estimates of Mineral Resources and Production Risks

The mineral resource estimates of the Company that may be included in this document by reference or otherwise are estimates only and no assurance can be given that any proven or probable reserves will be discovered, or that any level of recovery of minerals will in fact be realized or that an identified reserve or resource will ever qualify as a commercially mineable (or viable) deposit. Mineral reserve estimates of the Company that may be included in this document by reference or otherwise are estimates only. Reserves that may ultimately be mined may differ from that indicated by drilling results and such differences could be material. Production can be affected by such factors as permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations, the Company's ability to recruit and retain sufficient personnel, the Company's ability to purchase or rent equipment and parts, and work interruptions. Any estimated mineral resources should not be interpreted as assurances of commercial viability or potential or of the profitability of any future operations.

Mineral Prices

The principal activity of the Company is the exploration and ultimate development of mineral resource properties. The mineral exploration and development industry in general is intensely competitive and there is no assurance that, even if commercial quantities of proven and probable reserves are discovered, a profitable market may exist for the sale of the same. Factors beyond the control of the Company may affect the marketability of any substances discovered. Mineral prices have fluctuated widely, particularly in recent years. The feasible development of such properties is highly dependent upon the price of metals. A sustained and substantial decline in commodity prices, particularly the price of gold, could result in the write-down, termination of exploration work or loss of its interests in identified resource properties.

Competition

The Company competes with many companies that have substantially greater financial and technical resources than the Company for the acquisition of mineral properties as well as for the recruitment and retention of qualified employees and the purchase or lease of equipment and third-party servicing companies.

Environment and other Regulatory Requirements

The activities of the Company are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation generally provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments.

Environmental legislation is evolving in a manner which means stricter standards, and enforcement. Fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers, and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. Companies engaged in exploration activities generally experience increased costs and delays as a result of the need to comply with applicable laws, regulations, and permits. There can be no assurance that all permits which the Company may require for exploration and development of its properties will be obtainable on reasonable terms or on a timely basis, or that such laws and regulations would not have an adverse effect on any project that the Company may undertake.

The Company believes it is in compliance with all material laws and regulations which currently apply to its activities. However, there may be unforeseen environmental liabilities resulting from exploration and/or mining activities and these may be costly to remedy.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities casing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in exploration operations may be required to compensate those suffering loss or damage by reason of the exploration activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws. Amendments to current laws, regulations and permits governing operations and activities of exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in expenditures and costs or require abandonment or delays in developing new mining properties.

Title Matters

Title to the properties of Kerr and the area of the mining concessions comprising the properties may be disputed. Although the Company has taken steps to verify the title to mineral properties in which it has an interest in accordance with industry standards for the current state of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

Dependence on Key Personnel

The Company's development to date has largely depended, and in the future will continue to depend, on the efforts of key management. Loss of any of these people could have a material adverse effect on the Company and its business. The Company has not obtained and currently does not intend to obtain key-person insurance in respect of any directors and other employees.

Share Price Fluctuations

In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploration-stage companies such as the Company, as well as junior producers, have experienced wide fluctuations in price which have not necessarily been related to the underlying asset values or prospects of such companies. Price fluctuations likely will continue to occur in the future.

No Dividends

Investors cannot expect to receive a dividend on their investment in the Company in the foreseeable future. Investors should not expect to receive any return on their investment in the Company's securities other than possible capital gains.

There can be no assurance that the Company will ever be profitable

The Company has not earned profits to date and there is no assurance that it will do so in the future.

Political Risk

The Company currently conducts its activities in Ontario, Canada and in Arizona and Nevada, USA and is exposed to whatever risks and uncertainties exist or may come into effect in the future. There can, for example, be no assurance that future political and economic conditions that will result in respective governments adopting policies regarding the development of interests in mineral resources which could be adverse to the Company's interests or profitability. Any such changes in policy could result in changes in laws affecting such matters as interests in assets, mining policies, monetary policies, taxation, rates of exchange, environmental protection, labour relations, repatriation of income, and return of capital, which may affect both the Company's ability to undertake activities in respect of present and future properties in the manner currently contemplated.

Subsequent Events

Subsequent to the year ended June 30, 2020, the Company entered into an agreement to acquire a 3% Gross Production Royalty ("Royalty") from TOMCL, which will reduce the aggregate Royalty on the Copperstone Gold Mine from 6% to 3%. The Copperstone Gold Mine is currently subject to an aggregate 6% Royalty held by TOMCL (4.5%) and the Angie Patch Survivor's Trust (1.5%). The purchase agreement entered into between the Company's subsidiary, Bonanza Explorations Inc. ("Bonanza"), and TOMCL provides for the buyback of a 3% Royalty held by TOMCL for US$2,500,000 on or before March 31, 2021 (the "Royalty Buyback"). The Royalty Buyback is conditional on the Company successfully arranging project financing for the re-start of production at the Copperstone Gold Mine.

Subsequent to the year ended June 30, 2020, the Company closed a bought deal financing for aggregate gross proceeds of $5,000,800. Pursuant to the Offering, the Company issued a total of 35,720,000 Units of the Company at a price of C$0.14 per Unit. Each Unit consists of one Common Share in the capital of the Company and one half of one Warrant. Each whole Warrant entitles the holder thereof to purchase one Common Share at a price of C$0.22 for a period of 24 months. Haywood Securities Inc. acted as sole underwriter for the Offering.

In December 2019, the Company experienced a localized failure of the highwall of the historic open pit mine at the Copperstone Project. The highwall failure impacted certain of the infrastructure at the main portal to the underground workings, including the power infrastructure. Initial estimates to repair the damage were approximately US$1 million. The Company advised its insurers of the incident and the insurers sent adjusters to site to review the damages. Initial oral and written representations from the Company's insurers indicated that all damage was covered and that the costs of remediation of the damages would be recoverable. To date the Company has received insurance proceeds of US$256,458. The remediation was completed in June 2020 at a total cost of approximately US$1,812,597. The actual costs were significantly higher than initially estimated due to significantly higher costs to provide temporary power to the underground workings for an extended period of time to ensure on-going dewatering and mitigate incurring further damages. During the remediation process and since its completion, the Company has provided the insurers with required documentation to substantiate the claim and actively engaged with the insurance company regarding the balance of the claim. As a result of the further delays by the insurer the Company filed a Statement of Claim on August 12, 2020 and intends to pursue the remaining amount payable under this claim.