



Management Discussion and Analysis For the six months ended January 31, 2020

This Management Discussion and Analysis (“**MD&A**”) of Granite Creek Copper Ltd. (formerly Granite Creek Gold Ltd.) (the “**Company**” or “**Granite Creek**”) is for the six months ended January 31, 2020 and covers information up to the date of this MD&A.

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

This MD&A should be read in conjunction with the Company’s condensed consolidated interim financial statements and the notes thereto for the six months ended January 31, 2020, which have been prepared in accordance with International Accounting Standard 34 – *Interim Financial Reporting* (“**IAS 34**”) as issued by the International Accounting Standards Board (“**IASB**”) using accounting principles consistent with International Financial Reporting Standards (“**IFRS**”) as issued by the IASB.

All dollar amounts herein are expressed in Canadian Dollars unless stated otherwise.

This MD&A includes certain statements that may be deemed “forward-looking statements” concerning the future performance of the Company’s business, its operations, its financial performance and condition, as well as management’s objectives, strategies, beliefs and intentions. Forward-looking statements are frequently identified by such words as “may”, “will”, “plan”, “expect”, “anticipate”, “estimate”, “intend” and similar words referring to future events and results. Forward-looking statements are based on the current opinions and expectations of management. All statements in this discussion, other than statements of historical facts, that address exploration drilling, exploitation activities and events or developments that the Company expects are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that may cause actual results to vary from forward looking statements include, but are not limited to, the Company’s ability to access capital, the speculative nature of mineral exploration and development, fluctuating commodity prices, competitive risks and reliance on key personnel, as described in more detail in this document under “Risk Factors and Uncertainties”. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

All of the Company's public disclosure filings, including its most recent management information circular, material change reports, press releases and other information, may be accessed via www.sedar.com and readers are urged to review these materials, including the technical reports filed with respect to the Company’s mineral properties.

NATURE OF BUSINESS

Granite Creek is a growth stage exploration company, focused on the acquisition and development of exploration properties that host copper, gold and silver. Granite Creek was originally incorporated on May 10, 2007 under the British Columbia Business Corporations Act. The Company’s key asset is the Stu copper-gold-silver project (the “**Stu Property**”) in the high-grade Minto copper district in Yukon Territory, Canada. The project is located south of Pembridge Resources’ Minto mine and adjacent to Copper North Mining Corp.’s (“**Copper North**”) Carmacks project. The Company is a reporting issuer and trades on the TSX Venture Exchange (“**TSX-V**”) in Canada under the symbol “**GCX**” and the Frankfurt Stock Exchange under the symbol “**A2PFE0**”.

The Company’s principal business is the acquisition, exploration and development of mineral properties with the goal of establishing a mineable mineral resource. To date the Company has not generated any significant revenues.

OUTLOOK AND STRATEGY

Granite Creek is a member of the Metallic Group of Companies, a collaboration of three precious and/or base metals exploration companies, with a portfolio of large, brownfield assets in established mining districts adjacent to some of the industry's highest-grade producers of silver, platinum group metals and copper. The Metallic Group includes highly successful explorationists, formerly with leading explorer/developers including NovaGold Resources Inc., Trilogy Metals Inc., Wellgreen Platinum Ltd. (now Nickel Creek Platinum Corp.) and others, as well as larger producers including Placer Dome Inc. (now Barrick Gold Corporation), Goldfields Limited, and Stillwater Mining Company (now Sibanye-Stillwater).

Member companies include **Metallic Minerals Corp. (TSX-V: MMG)** in the high-grade Keno Hill silver district and La Plata silver and gold district, **Group Ten Metals Inc. (TSX-V: PGE)** in the Stillwater PGM-Ni-Cu district of Montana, and Granite Creek. Each of the Metallic Group companies has a dedicated, highly experienced management team and board of directors with a track record of exploration and project development success. The companies share back-office and corporate support for cost efficiency.

HIGHLIGHTS AND KEY DEVELOPMENTS (to the date of this report)

- In December 2019, the Company acquired 26,146,233 common shares of Copper North, representing approximately 30% of the outstanding shares of Copper North (TSX-V: COL) in consideration for 10,529,663 common shares of the Company (at a deemed price of \$0.06425 per share or \$670,531 in total);
- Subsequent to the Company announcing the acquisition of the Copper North shares, Copper North sought and received an interim injunction in the Supreme Court of British Columbia preventing Granite Creek from closing the announced acquisition. The injunction was set aside by the court and Granite Creek was awarded legal costs. Upon receipt of the court order, Granite Creek closed the transaction and announced the same;
- In December 2019, the Company announced the completion of its inaugural field exploration program on the Stu Property which included geological mapping, geochemical surveys and induced polarity (“IP”) geophysical surveys; and
- On August 8, 2019, the Company completed a non-brokered private placement for aggregate gross proceeds \$500,000 through the issuance of 5,882,352 units of the Company at a price of \$0.085 per unit. Each unit consisted of one common share of the Company on a flow-through (“FT”) basis and one half non-flow-through share purchase warrant, with each full warrant entitling the holder to acquire one common share of the Company at an exercise price of \$0.20 per share with an expiry of August 8, 2022. The gross proceeds from the private placement are intended to be used on the Company's Yukon exploration projects.

MINERAL PROPERTY

In January 2019, the Company acquired an undivided 100% interest in the Stu Property in consideration for an aggregate of 3,000,000 units (each, a "**Transaction Unit**") at \$0.075 per Transaction Unit valued at \$225,000 and a 3% net smelter return royalty to the vendors on any future production on the Stu Property (the "**Royalty**"). Granite Creek has the option to purchase up to two-thirds of the Royalty from the vendors. The Company will also make annual advance Royalty payments of \$30,000 to the vendors beginning in May 2022, and in each subsequent year thereafter until the commencement of any commercial production on the Stu Property.

Each Transaction Unit was comprised of one common share and one share purchase warrant, with each warrant exercisable into one additional common share at an exercise price of \$0.15, with an expiry of January 16, 2022.

STU COPPER PROPERTY

The Stu Property is located in an area of well-known mineralization in Canada's Yukon Territory, approximately 47 kilometers ("**km**") northeast of Carmacks, Yukon Territory, and approximately 210 km northwest of Whitehorse, the capital city of the Yukon Territory. The Stu Property, which consists of 541 contiguous claims covering approximately 11,100 hectares (111 square km), is on trend with the Minto copper mine approximately 35 km north of the Stu Property, and is directly adjacent to Copper North's Carmacks Project to the south.

2019 WORK PROGRAM

Following acquisition of the Stu Property, Granite Creek secured and reviewed an extensive, privately held exploration database and, based on those findings, conducted a 2019 exploration program with the intent to refine drill targets for an anticipated 2020 campaign.

In addition to geological mapping and access rehabilitation, an IP survey consisting of seven lines totaling 24-line km was completed in the South Target area. Designed to confirm the projected northern continuation of Copper North mineralized zones hidden by cover, the survey covered the historic Gran Zone and Zone 2 extension. Data from the survey is being compiled with historic geophysical data and will be used to target future drill programs.

Crews also focused on the East Target area and the historic 'Zone D' which lie within a regional scale, northwest trending structure hosted in Povoas Formation volcanics. Zone D was initially discovered in 2012 and was added to the Stu project in during a 2017 staking program. A further 21 claims were staked earlier in 2019.

The Central and North Target areas have been the subject of multi-year drilling and trenching permit applications that are currently under review. The Company has already received and replied to a request for additional information on the permit and expects to have it in hand for the first quarter of 2020.



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OVERALL PERFORMANCE

FINANCIAL CONDITION

The net assets of the Company increased from net assets of \$443,672 at July 31, 2019 to \$809,486 at January 31, 2020, an increase of \$365,814.

The most significant assets at January 31, 2020 were marketable securities of \$653,656 (July 31, 2019: \$Nil), prepaid expenses and deposits of \$244,230 (July 31, 2019: \$236,575) and exploration and evaluation assets of \$237,557 (July 31, 2019: \$225,336).

As noted in *'Highlights and Key Developments'* on Page 2, in December 2019, the Company acquired 26,146,233 common shares of Copper North in consideration for 10,529,663 common shares of the Company for a total transaction value \$670,531. At January 31, 2020, the Company revalued its Copper North shares using Copper North's share price of \$0.025, with a total value of \$653,656.

The majority of the prepaid expenses and deposits of \$244,230 at January 31, 2020 consisted of net advances made to TruePoint Exploration Inc. ("**TruePoint**"). TruePoint is a privately held geological consulting firm that provides exploration and administrative services to the Company and several other exploration companies in the industry. TruePoint is a related party as a result of the President and CEO of the Company and another director of the Company being minority shareholders in TruePoint. Charges from TruePoint are for exploration, management and office administration expenses. The amount of \$229,055 from TruePoint consisted of advances made by the Company to TruePoint, partially offset by invoiced costs from TruePoint. The balance of \$229,055 is expected to decrease over time as TruePoint continues to invoice Granite Creek.

The exploration and evaluation assets of \$237,557 at January 31, 2020 consisted of the acquisition cost of the Stu Property, as noted in *'Mineral Property'* above, licensing costs and a small filing fee.

The liabilities at January 31, 2020 were accounts payable and accrued liabilities of \$248,072 (July 31, 2019: \$120,344), due to related parties of \$125,335 (July 31, 2019: \$82,953) and flow-through share premium liability of \$32,485 (July 31, 2019: \$Nil).

The flow-through share premium was a result of the Company completing a private placement of \$500,000 during the six months ended January 31, 2020. On issuance of FT shares, the Company allocates the proceeds into i) share capital, ii) warrants, and iii) flow-through share premium, if any, using the residual value method. If investors pay a premium for the FT feature, it is recognized as a liability. Upon incurring qualifying expenditures, the Company reduces the liability and recognizes a deferred tax recovery in income for the amount of tax reduction renounced to the shareholders. At the end of a period, the flow-through share premium liability consists of the portion of the premium on FT shares that corresponds to the portion of qualifying exploration expenditures that have not yet been incurred.

The original flow-through share premium liability was calculated to be \$73,576. During the six months ended January 31, 2020, the Company incurred \$279,241 of FT expenditures, reducing the flow-through share premium liability from \$73,576 to \$32,485 at January 31, 2020.



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RESULTS OF OPERATIONS

Three months ended January 31, 2020

The net loss for the three months ended January 31, 2020 was \$344,556 (2018: \$387,986).

The majority of expenses for the three months ended January 31, 2020 consisted of professional fees of \$199,676 (2019: \$36,939), share-based payments expense of \$52,532 (2019: \$Nil) and corporate advisory fees of \$26,728 (2019: \$Nil).

The majority of professional fees consisted of legal fees in connection with the acquisition of Copper North shares as noted in '*Highlights and Key Developments*' on page 2.

The share-based payments expense of \$52,532 was a result of the Company granting 2,900,000 stock options in February 2019 and 750,000 stock options in May 2019. The Company applies the fair value method of accounting for all awards of stock options by using the Black-Scholes Option Pricing Model. Variations in share-based payments expense is based on a number of factors including, but not limited to, the size and occurrence of grants during a particular period, the Company's share price at the time of an option grant and the timing of recording share-based payments expense based on vesting schedules.

Six months ended January 31, 2020

The net loss for the six months ended January 31, 2020 was \$843,502 (2019: \$484,251). The increase in net loss was a result of the Company becoming more active pursuant to the completion of a private placement, settling its liabilities, acquiring the Stu Property, commencing an investor outreach campaign and conducting some exploration activities on the Stu Property.

The majority of expenses for the six months ended January 31, 2020 consisted of professional fees of \$297,354 (2019: \$62,121), exploration expenditures of \$261,250 (2019: \$39,475), share-based payments expense of \$115,811 (2019: \$Nil) and consulting and management fees of \$58,250 (2019: \$255,939).

The majority of professional fees consisted of legal fees in connection with the acquisition of Copper North shares as noted in '*Highlights and Key Developments*' on page 2.

Exploration expenditures of \$261,250 consisted exclusively of work performed on the Stu Property including \$123,982 in geophysics, \$46,583 in line cutting, \$34,393 in salaries and \$28,660 in analysis costs.

The share-based payments expense of \$115,811 was a result of the Company granting 2,900,000 stock options in February 2019 and 750,000 stock options in May 2019. The Company applies the fair value method of accounting for all awards of stock options by using the Black-Scholes Option Pricing Model. Variations in share-based payments expense is based on a number of factors including, but not limited to, the size and occurrence of grants during a particular period, the Company's share price at the time of an option grant and the timing of recording share-based payments expense based on vesting schedules.



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CASH FLOWS

Three months ended January 31, 2020

During the three months ended January 31, 2020, cash decreased by \$151,326, from \$175,213 at October 31, 2019 to \$23,887 at January 31, 2020. The increase was a result of cash of \$176,257 used in operating activities and cash of \$12,221 used in investing activities, partially offset by cash of \$37,152 provided by operating activities.

The cash of \$176,257 used in operating activities consisted of the net loss of \$344,556, partially offset by non-cash items of \$68,943 and a net change of \$99,356 in non-cash working capital items.

The cash of \$12,221 used in investing activities consisted exclusively of capitalized costs related to the Stu Property.

The cash of \$37,152 provided by financing activities consisted exclusively of net receipts from related parties.

Six months ended January 31, 2020

During the six months ended January 31, 2020, cash decreased by \$85,219, from \$109,106 at July 31, 2019 to \$23,887 at January 31, 2020. The decrease was a result of cash of \$611,930 used in operating activities and cash of \$12,221 used in investing activities, partially offset by cash of \$538,932 provided by financing activities.

The cash of \$611,930 used in operating activities consisted of the net loss of \$843,502, partially offset by non-cash items of \$91,595 and a net change of \$139,977 in non-cash working capital items.

The cash of \$12,221 used in investing activities consisted exclusively of capitalized costs related to the Stu Property.

The cash of \$538,932 provided by financing activities consisted of the receipt of net proceeds of \$496,550 pursuant to the private placement noted in *'Highlights and Key Developments'* on page 2 as well as net receipts of \$42,382 from related parties.



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SUMMARY OF QUARTERLY RESULTS

Selected quarterly information for each of the eight most recently completed financial periods is set out below.

	<u>Q2, 2020</u>	<u>Q1, 2020</u>	<u>Q4, 2019</u>	<u>Q3, 2019</u>
	\$	\$	\$	\$
Net loss for the period	(344,556)	(498,946)	(416,544)	(183,731)
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.01)

	<u>Q2, 2019</u>	<u>Q1, 2019</u>	<u>Q4, 2018</u>	<u>Q3, 2018</u>
	\$	\$	\$	\$
Net loss for the period	(387,986)	(96,265)	(157,145)	(33,886)
Basic and diluted loss per share	(0.05)	(0.03)	(0.01)	(0.01)

As a result of the acquisition of the Stu Property, the completion of the private placement and the commencement of an investor outreach campaign, the Company has become more active in fiscal 2019 and fiscal 2020. The most significant expenses contributing to the net loss in Q2, 2020 were professional fees of \$199,676, share-based payments expense of \$52,532 and corporate advisory fees of \$26,728.

LIQUIDITY AND CAPITAL RESOURCES

As at January 31, 2020, the Company had current assets totaling \$977,821 comprised of cash, marketable securities, receivables and prepaid expenses and deposits. At January 31, 2020, the Company had working capital of \$571,929 (July 31, 2019: \$218,336).

The Company has no long-term debt and no capital lease obligations.

As the Company has no revenues, its ability to fund operations is dependent upon its ability to secure financing through the sale of equity or assets, or to obtain loans. While the Company has been successful in obtaining the necessary financing through the issuance of common shares and loans from related parties in the past, there is no assurance it will be able to raise funds in this manner in the future and there remain material uncertainties that may cast significant doubt as to the Company’s ability to continue as a going concern. The Company’s trade and other payables are due in the short term.

OFF BALANCE SHEET ARRANGEMENTS

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

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CONTRACTUAL OBLIGATIONS

As a result of the issuance of FT shares as part of the private placement disclosed in ‘*Highlights and Key Developments*’ on page 2, at January 31, 2020, the Company had approximately \$221,000 remaining in its obligation to incur qualified Canadian exploration expenditures on or before December 31, 2020.

RELATED PARTY TRANSACTIONS

Key management personnel are the Directors and Officers of the Company. Key management personnel, or their related parties, may hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Amounts paid by the Company for the services provided by related parties are determined by negotiation among the parties and are reviewed and approved by the Board. These transactions are in the normal course of operations and are measured at their exchange amount.

In addition to key management personnel, the Company transacted with the following related parties during the six months ended January 31, 2020 and 2019:

- TruePoint Exploration Inc. (“**TruePoint**”) is a private exploration service company that provides exploration and administrative services to the Company and several other exploration companies in the industry. Timothy Johnson, President and CEO of the Company, and another director of the Company, are minority shareholders of TruePoint, which makes it a related party. Charges from TruePoint are for exploration, management and office administration expenses.
- 1111040 BC Ltd., a private company controlled by the President and CEO of the Company.
- MVR Consulting Inc. (“**MVR Consulting**”), a private company controlled by Michael Rowley, Director and former CFO of the Company.
- Foran Mining Corporation (“**Foran**”), a public company whose CFO, Tim Thiessen, is the CFO of the Company.

a) Related Party Transactions

Related party transactions for the six months ended January 31 were as follows:

		2020	2019
		\$	\$
Consulting and management fees	1	73,600	58,530
Share-based payments expense	2	33,587	-
Exploration and administrative support costs	3	336,516	-
		443,703	58,530
		443,703	58,530

1 Consulting and management fees consisted of CEO, CFO and Corporate Secretary fees.

2 Share-based payments expense was a non-cash item that consisted exclusively of the fair value of stock options that were granted to key management personnel.

3 Exploration and administrative support costs were charged by TruePoint and consisted of mineral exploration and evaluation expenditures, consulting fees, corporate advisory fees and office and administration costs.

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RELATED PARTY TRANSACTIONS (continued)
b) Related Party Balances

The Company's related party balances consisted of the following:

	January 31, 2020	July 31, 2019
Current assets - Prepaid expenses and deposits	\$	\$
Due from TruePoint, net	1 229,055	229,908
Current liabilities - Due to related parties		
Due to Tim Johnson, CEO	50,785	67,991
Due to 1111040 BC Ltd.	58,800	8,400
Due to Michael Rowley, Director	-	262
Due to Tim Thiessen, CFO	15,750	6,300
	<u>125,335</u>	<u>82,953</u>

1 This amount was the net of cash advances made to TruePoint, partially offset by changes from TruePoint for exploration, management, accounting and office and administration.

The related party balances were non-interest bearing, unsecured, and had no specified terms of repayment.

PROPOSED TRANSACTIONS

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

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the Company's condensed consolidated interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

i) Critical Accounting Estimates

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

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)i) Critical Accounting Estimates (continued)*Income taxes*

Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were originally recorded, such differences will affect the tax provisions in the period in which such determination is made.

Share-based payments

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

ii) Critical Accounting Judgments

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

Exploration and Evaluation Expenditures

The application of the Company accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will follow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the Company's profit or loss in the period the new information becomes available.

ii) Critical Accounting Judgments*Title to Mineral Property Interests*

Although the Company takes steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Determination of functional currency

The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions within the reporting entity.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)ii) Critical Accounting Judgments (continued)*Going concern*

The preparation of the consolidated financial statements requires management to make judgments regarding the going concern of the Company as discussed in Note 1 of the condensed consolidated interim financial statements for the six months ended January 31, 2020.

ACCOUNTING POLICIES

The Company uses the same policies and methods of computation as in the annual consolidated financial statements for the year ended July 31, 2019. In addition, as a result of acquiring 26,146,233 common shares of Copper North in December 2019, the Company has an investment that it classifies as a financial asset measured at fair value through profit and loss. See Note 3 in the Company's condensed consolidated interim financial statements for further details.

NEW ACCOUNTING STANDARDS ADOPTED

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after January 1, 2019. The following new standard has been adopted by the Company:

IFRS 16 – Leases

IFRS 16 is a new standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019. The adoption of this standard did not have an impact on these condensed consolidated interim financial statements as the Company does not have any leases.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

FINANCIAL AND OTHER INSTRUMENTS

The Company's financial instruments are exposed to certain financial risks which are discussed in detail in Note 9 of the Company's condensed consolidated interim financial statements for the six months ended January 31, 2020.

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OTHER MD&A REQUIREMENTS
ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Exploration expenditures and general and administration expenses for the six months ended January 31 were as follows:

	2020	2019
	\$	\$
Consulting and management fees	58,250	255,939
Corporate advisory fees	45,937	-
Exploration and evaluation expenditures	261,250	39,475
Investor relations	47,375	9,395
Office and administration	28,623	15,670
Professional fees	297,354	62,121
Property evaluation	1,369	-
Salaries and benefits	-	64,502
Share-based payments expense	115,811	-
Transfer agent, regulatory and filing fees	9,449	31,359
Travel and accommodation	2,300	-
	867,718	478,461

DISCLOSURE OF OUTSTANDING SHARE DATA

As of the date of this report, there were 46,313,033 common shares, 29,941,175 share purchase warrants and 3,650,000 stock options outstanding.

RISK FACTORS AND UNCERTAINTIES
Overview

The Company is subject to many risks that may affect future operations over which the Company has little control. These risks include, but are not limited to, intense competition in the resource industry, market conditions, and the Company's ability to access new sources of capital, mineral property title, results from property exploration and development activities, and currency fluctuations. The Company has a history of recurring losses and there is no expectation that this situation will change in the foreseeable future.

Competition

Other exploration companies, including those with greater financial resources than the Company, could adopt or may have adopted the same business strategies and thereby compete directly with the Company, or may seek to acquire and develop mineral claims in areas targeted by the Company. While the risk of direct competition may be mitigated by the Company's experience and technical capabilities, there can be no assurance that competition will not increase or that the Company will be able to compete successfully.

RISK FACTORS AND UNCERTAINTIES (continued)***Access to Capital***

The exploration and subsequent development of mineral properties is capital intensive. Should it not be possible to raise additional equity funds when required, the Company may not be able to continue to fund its operations which would have a material adverse effect on the Company's potential profitability and ability to continue as a going concern. At present, the Company does not have cash resources to fund planned exploration for the next twelve months. Timing of additional equity funding will depend on market conditions as well as exploration requirements.

In recent years, the securities markets in Canada 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, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. These conditions may persist for an indeterminate period of time.

Foreign Operations and Political Risk

In foreign jurisdictions, mineral exploration and mining activities may be affected in varying degrees by political or economic instability, expropriation of property and changes in government regulations such as tax laws, business laws, environmental laws and mining laws. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may materially adversely affect its business, or if significant enough, may make it impossible to continue to operate in certain countries. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, foreign exchange restrictions, export controls, income taxes, expropriation of property, environmental legislation and exploration health and safety. These risks are not unique to foreign jurisdictions and apply equally to the property interests in Canada.

Speculative Nature of Mineral Exploration and Development

The exploration for and development of mineral deposits involves significant risk which even a combination of careful evaluation, experience and knowledge may not adequately mitigate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. There is no assurance that commercial quantities of ore will be discovered on any of the Company's properties. Even if commercial quantities of ore are discovered, there is no assurance that the mineral property will be brought into production.

Whether a mineral deposit will be commercially viable depends on a number of factors, including the particular attributes of the deposit, such as its size, grade, metallurgy, and proximity to infrastructure; commodity prices, which have fluctuated widely in recent years; and government regulations, including those relating to taxes, royalties, land tenure, land use, aboriginal rights, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, and the Company's business may be adversely affected by its inability to advance projects to commercial production.



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RISK FACTORS AND UNCERTAINTIES (continued)

Uninsured or Uninsurable Risks

The Company may become subject to liability for pollution or hazards against which it cannot insure or against which it may elect not to insure where premium costs are disproportionate to the Company's evaluation of the relevant risks. The payment of such insurance premiums and of such liabilities would reduce the funds available for exploration and operating activities.

Commodity Prices

The prices of gold, silver, copper, lead, zinc, moly, and other minerals have fluctuated widely in recent years and are affected by a number of factors beyond the Company's control, including international economic and political conditions, expectations of inflation, international currency exchange rates, interest rates, consumption patterns, and speculative activities and increased production due to improved exploration and production methods. Fluctuations in commodity prices will influence the willingness of investors to fund mining and exploration companies and the willingness of companies to participate in joint ventures with the Company and the level of their financial commitment. The supply of commodities is affected by various factors, including political events, economic conditions and production costs in major producing regions. There can be no assurance that the price of any commodities will be such that any of the properties in which the Company has, or has the right to acquire, an interest may be mined at a profit.

Mineral Property Tenure and Permits

The Company completes reviews of its mineral property titles and believes that all requirements have been met to ensure continued access and tenure for property titles. However, ongoing requirements are complex and constantly changing so there is no assurance that these titles will remain valid. The operations of the Company will require consents, approvals, licenses and/or permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary consents, approvals, licenses and permits that may be required to carry out exploration, development and production operations at its projects.

Although the Company has acquired the rights to some or all of the resources in the ground subject to the tenures that it acquired, in most cases it does not thereby acquire any rights to, or ownership of, the surface to the areas covered by its mineral tenures. In such cases, applicable laws usually provide for rights of access to the surface for the purpose of carrying on exploration activities, however, the enforcement of such rights can be costly and time consuming. It is necessary, as a practical matter, to negotiate surface access.

There can be no guarantee that, despite having the right at law to access the surface and carry on exploration activities, the Company will be able to negotiate a satisfactory agreement with existing landowners for such access, and therefore it may be unable to carry out exploration activities. In addition, in circumstances where such access is denied, or no agreement can be reached, the Company may need to rely on the assistance of local officials or the courts in such jurisdictions.

Conflicts of Interest

Certain directors and officers of the Company also serve as directors, officers and advisors of other companies involved in natural resource exploration and development. To the extent that such companies may participate in ventures with the Company, such directors and officers may have conflicts of interest in

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RISK FACTORS AND UNCERTAINTIES (continued)

negotiating and concluding the terms of such ventures. Such other companies may also compete with the Company for the acquisition of mineral property rights. In the event that any such conflict of interest arises, the Company's policy is that such director or officer will disclose the conflict to the board of directors and, if the conflict involves a director, such director will abstain from voting on the matter. In accordance with the Business Corporations Act (BC), the directors and officers of the Company are required to act honestly and in good faith with a view to the best interests of the Company.

Dependence Upon Others and Key Personnel

The success of the Company's operations will depend upon numerous factors including its ability to attract and retain additional key personnel in exploration, marketing, joint venture operations and finance. This will require the use of outside suppliers as well as the talents and efforts of the Company and its consultants and employees. There can be no assurance that the Company will be successful in finding and retaining the necessary employees, personnel and/or consultants in order to be able to successfully carry out such activities. This is especially true as the competition for qualified geological, technical personnel and consultants can be particularly intense.

Government Regulation

The Company operates in an industry which is governed by numerous regulations, including but not limited to, environmental regulations as well as occupational health and safety regulations. It is possible that regulations or tenure requirements could be changed by the respective governments resulting in additional costs or barriers to development of the properties. This would adversely affect the value of properties and the Company's ability to hold onto them without incurring significant additional costs. It is also possible that the Company could be in violation of, or non-compliant with, regulations it is not aware of.

CORONA VIRUS (COVID-19) PANDEMIC

Outbreak of the corona virus and the worldwide COVID-19 pandemic may result in impacts to the Company's on-going exploration plans and activities in 2020. The Company is focused on the health and well-being of its workers and the communities in which we work and has implemented preventative measures accordingly. The Company will continue to monitor advice and regulations from the World Health Organization, governments and local communities, and adjust measures as appropriate. The Company may face disruption to operations, supply chain delays, travel and trade restrictions, and impacts on economic activity in affected countries or regions can be expected that are difficult to quantify. Regional disease outbreaks represent a threat to hiring and maintaining skilled workers, and could be a major health-care challenge for its workforce. There can be no assurance that the Company's personnel will not be impacted by these regional disease outbreaks and ultimately that the Company could see its workforce productivity reduced or incur increased medical costs as a result of these health risks. In addition, the COVID-19 pandemic has created a dramatic slowdown in the global economy. The duration of the COVID-19 outbreak and the resulting travel restrictions, social distancing recommendations, government response actions, business disruptions and business closures may have an impact on the Company's exploration operations and access to capital. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about by the COVID-19 pandemic's impact on global industrial and financial markets which may reduce metal prices, share prices and financial liquidity, thereby limiting access to additional capital.



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Other Information

All technical reports on material properties, press releases and material change reports are filed on SEDAR at www.sedar.com.

Investor relations

Company management liaises with the investment community and communicates with investors and shareholders about the Company's projects and progress. The Company's website is www.gxcopper.com.

Corporate Information

CORPORATE HEAD OFFICE & RECORDS OFFICE

904 - 409 Granville Street

Vancouver, British Columbia, Canada V6C 1T2

Telephone: 604-235-1982

Website: www.gxcopper.com Email: info@gxcopper.com

DIRECTORS & OFFICERS

Timothy Johnson, President, CEO, & Director

J. François Lalonde, Director

Michael Rowley, Director

John Cumming, Director

Tim Thiessen, CFO

Alicia Milne, Corporate Secretary

STOCK EXCHANGE LISTING

TSX Venture Exchange - Trading Symbol "GCX"

Frankfurt Stock Exchange – Trading Symbol "A2PFE0"

TRANSFER AGENT & REGISTRAR

Computershare

510 Burrard Street, Vancouver, British Columbia, Canada V6C 3B9

LEGAL COUNSEL

Sangra Moller LLP

1000 Cathedral Place, 925 West Georgia Street, Vancouver, British Columbia, Canada V6C 3L2

AUDITORS

WDM, Chartered Professional Accountants

1501 W Broadway #420, Vancouver, British Columbia, Canada V6J 1W6
