



**Management Discussion and Analysis
of
Financial Position
and
Results of Operations
for the
Nine-month period ended December 31, 2019**

This report is dated February 28, 2019
(The "Report Date")

**Evolving Gold Corp.
Management Discussion and Analysis
For the nine-month period ended December 31, 2019**

Introduction

The following information should be read in conjunction with the unaudited condensed consolidated financial statements of Evolving Gold Corp. (“Evolving” or the “Company”) for the nine-month period ended December 31, 2019 and the annual audited consolidated financial statements of the Company as of March 31, 2019.

These financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”). This discussion includes the results of the Company’s wholly owned subsidiaries:

- Evolving Gold Corp. (Nevada, USA)
- Rattlesnake Mining Corp. (Canada), and
- Rattlesnake Mining (Wyoming) Company (Wyoming, USA)

Note 3 of the consolidated financial statements at March 31, 2019, describes all of the Company’s significant accounting policies and a description of changes made during the 2019 fiscal year is included therein. During the nine-month period ended December 31, 2019, the Company’s critical accounting estimates and significant accounting policies have remained substantially unchanged. The Reader is referred to Note 3 of the March 31, 2019 financial statements.

All amounts presented in this document are stated in Canadian dollars, the functional and reporting currency of the Company, except where otherwise noted.

Cautionary Note Regarding Forward Looking Statements

This Management’s Discussion and Analysis is intended to supplement and complement the unaudited condensed consolidated financial statements of the Company for the nine-month period ended December 31, 2019 and the annual consolidated financial statements for the years ended March 31, 2019, and the notes thereto (collectively the “Financial Statements”). Readers are encouraged to review these Financial Statements in conjunction with a review of this Management’s Discussion and Analysis. Certain notes to the Financial Statements are specifically referred to in this Management’s Discussion and Analysis and such notes are incorporated by reference herein. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those implied by the forward-looking statements. These forward-looking statements are based on, but not limited to, material assumptions including: title to the Company’s exploration properties; the level and suitability of exploration expenditures relating to those properties, including decisions regarding the impairment of mineral property expenditures; rehabilitation requirements; commodity prices; access to funding and capital markets conditions generally; various accounting estimations related to income taxes, share based payments and the valuation of available for sale securities; a sufficiently stable and healthy global economic environment; and other expectations, intentions and plans contained in this MD&A that are not historical fact.

When used in this MD&A, the words “plan,” “expect,” “believe,” and similar expressions generally identify forward looking statements. These statements reflect current expectations. They are subject to a number of risks and uncertainties, including those factors disclosed under Risks and Uncertainties below. In light of the many risks and uncertainties, readers should understand that the Company cannot offer assurance that the forward-looking statements contained in this analysis will be realized.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks as set forth below.

Additional information relating to the Company may be found on SEDAR at www.sedar.com or at the company’s website at www.evolvinggold.com.

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Corporate Overview

The Company became a reporting issuer in the Provinces of Alberta, British Columbia and Ontario on May 14, 2004. The Company has traded on various exchanges since inception, and currently trades on the Canadian Stock Exchange (CSX: EVG since July 25, 2014)

Description of Business

Evolving Gold Corp. (“Evolving” or the “Company”) is a Canadian-based mining exploration company engaged in the acquisition, exploration and development of natural resource properties. The Company's focus was Canadian based mineral exploration properties, however the Company is currently evaluating its projects and seeking opportunities.

Changes in Management, Directors, and Corporate Activities

On October 2, 2019, the Company announced that the signed definitive agreement with Bocana Resources Ltd. (“Bocana”), a private company with mineral property interests in South America, had expired at the end of March 2019, and that the parties had been unable to negotiate terms to continue the agreement. As a result, the agreement was terminated. The agreement had been originally announced on September 9, 2018, by way of a non-binding letter of intent. On November 7, 2018, the Company had signed the definitive agreement.

On October 29, 2019, the Company entered into a loan agreement with a shareholder, and received a loan of \$60,000, and bearing interest at a rate of 10% per annum, repayable on October 29, 2020. The loan is convertible to common shares of the Company at the lesser of \$0.075 per share, or such price the company has then most recently issued shares on a private or public basis (subject to a minimum of five cents per share), and may be prepaid, provided a full 12 months of interest is paid. The Company issued 500,000 bonus shares to the lender at a fair value of \$0.0255 (\$12,750).

On November 5, 2019 the British Columbia Securities Commission revoked the cease trade order issued Aug. 2, 2019. On November 15, 2019 the shares of the Company resumed trading.

The company is currently seeking new business opportunities. There were no changes in management or directors during the period.

Mineral Properties

During the nine-month period ended December 31, 2019, the Company evaluated its existing properties and conducted minimal work, including property expenditures noted related to Jake Creek to allow for the return of bonds held by various regulatory bodies, and general administrative costs of maintaining the subsidiary while the remaining bonds are outstanding.

During the period, the Company received a previously filed Quebec Mineral Exploration Tax Credit. A total of \$204,843 (2018: \$nil) was received by the Company.

The reader is referred to Note 6 of the unaudited condensed interim financial statements of the Company as of December 31, 2019 for a discussion of the following properties:

- Lithium Lakes, Quebec
- Toro, Quebec
- Nicobi, Quebec
- Oxen, Quebec
- Jake Creek, Nevada

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The Company's exploration and evaluation expenditures for the nine-month period ended December 31, 2019 and the year ended March 31, 2019 are:

	Lithium Lakes	Nicobi	Oxen	Toro	Jake Creek	December 31, 2019
Reclamation	\$ -	\$ -	\$ -	\$ -	2,740	\$ 2,740
	\$ -	\$ -	\$ -	\$ -	2,740	\$ 2,740

	Lithium Lakes	Nicobi	Oxen	Toro	Jake Creek	March 31, 2019
Acquisition and land maintenance	\$ 431	\$ -	\$ -	12,734	\$ -	\$ 13,165
Consulting - geological	9,924	5,879	-	9,385	-	25,188
Field expenses and other	-	-	-	290	-	290
Reclamation	-	-	-	-	8,131	8,131
	\$ 10,355	\$ 5,879	\$ -	22,409	\$ 8,131	\$ 46,774

Results of Operations

The results for the nine-month period ended December 31, 2019 and 2018 are as follows:

	Nine-month period ended December 31,	
	<u>2019</u>	<u>2018</u>
Income (loss) for the period	\$(236,848)	\$(359,797)
Comprehensive income (loss) for the period	\$ 58,983	\$(244,011)
Basic and diluted loss per share	\$ 0.00	\$(0.02)

On an operating basis, the loss for the nine-month period ended December 31, 2019 was \$236,848 (2018 \$(359,797)). The principal change in 2019 compared to 2018 was the reduction of 1) Office expenses from \$153,791 to \$63,926, and 2) mineral property expenditures to \$2,740 in 2019 from \$44,947 in 2018 due to a lack of funds to explore as well as the Company being halted from September 2018 to year end due to the proposed Bocana acquisition. Most other expenses were also reduced as the Company worked to reduce costs.

On a Comprehensive basis, the 2019 income was \$58,983 compared to a loss of \$244,011. The income was attributable to 1) a recovery on mineral properties of \$204,843 due to the Quebec mineral exploration tax refund (2018: \$nil) and 2) the gain on the settlement of the shareholder loan and a gain on settlement of debt of \$88,198 (2018: \$280,383).

The operating expenditures reflect the following:

- Accounting and audit expense was \$5,305 (2018: \$13,714 and \$22,374), with the current charge being related to the preparation of tax and other filings;
- Amortization of \$nil (Year-to-date: \$318) (2018: \$348 and \$2,005) reflects the reduced amounts of depreciable assets of the Company, as well as the disposal of assets as a result of the termination of the office lease;
- Bank charges and interest of \$67 (YTD: \$1,273) (2018: \$512 and 1,535) varied due to the amounts on deposit and activity in the accounts;
- Interest and finance charges were \$13,786 compared to \$452 in 2018. Interest relates to the loans received. The current period includes \$12,750 of finance charges relating to the bonus shares issued for the current shareholder loan;
- Legal expense of \$7,820 (YTD: \$9,034) (2018: \$599 and \$5,119) primarily reflects work performed to commence the transaction with Bocana, normal regulatory and corporate activities, and the timing of invoices received;
- Management fees of \$37,500 (YTD: \$112,500) (2018: \$37,500 and \$112,500) are unchanged over the period;

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- Office expense of \$4,804 (YTD: \$63,926) (2018: \$28,930 and \$153,791) reflect the cost to maintain the operations of the Company, primarily with respect to the now closed head office lease, expenses related to the closure and general corporate expenses. Expenses were lower overall due to cost controls implemented; and
- Transfer agent and filing fees of \$21,977 (YTD: \$27,966) (2018: \$3,128 and \$11,378) reflect the ongoing costs to maintain listings, transfer services and the timing of corporate activities. \$18,043 of regulatory filing fees, including late fees, were paid during the quarter to reinstate the Company.

Non-operating items affecting the loss for the period include:

- Realized and unrealized losses on the disposition of marketable securities in 2018 were \$24,330 and \$152,000. There are no marketable securities in 2019; A gain of \$20,825 was recorded in 2018 on the sale of marketable securities.
- The closure of the office and sale or disposal of assets resulted in a gain of \$2,431 (2018: \$nil);
- Foreign exchange was a gain of \$242 year-to-date, and a loss of \$33,651 in 2018, with significant variations due to higher volatility and reduced value of the Canadian dollar relative to the US dollar during the periods; and
- Interest income was \$117 year to date compared to \$229 in 2018.

Summary of Quarterly Results (Unaudited)

The following is a summary of the results from the eight previously completed financial quarters:

	Fiscal 2019-2020		Fiscal 2018-2019	
	Q3	Q2	Q1	Q4
	December 31,	September 30,	June 30,	March 31,
	2019	2019	2019	2019
Interest income and other	-	-	117	32
Share based payments	-	-	-	-
Exploration and evaluation expenditure	-	-	2,740	1,917
Comprehensive income (loss)	(91,269)	221,665	(71,413)	(81,568)
Income (loss) per share	(0.01)	0.01	(0.01)	(0.01)
Total Assets	38,211	36,778	34,369	48,738
Working capital	(199,223)	(120,704)	(343,748)	(272,653)

	Fiscal 2018-2019		Fiscal 2017-2018	
	Q3	Q2	Q1	Q4
	December 31,	September 30,	June 30,	March 31,
	2018	2018	2018	2018
Interest income and other	-	229	-	-
Share based payments	-	5,696	-	54,127
Exploration and evaluation expenditure	2,573	27,569	14,715	31,005
Comprehensive income (loss)	158,447	(137,811)	(246,646)	(93,978)
Income (loss) per share	0.01	(0.01)	(0.02)	(0.01)
Total Assets	76,586	78,449	168,333	472,278
Working capital	(374,992)	(594,238)	(462,789)	(199,134)

Interest Income

Interest income fluctuated with the amount of interest earning assets held and the interest rate earned thereon.

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Net Loss

Net loss varies based on normal corporate expenditures and certain periodic expenses, such as share-based compensation and gains on the sale of marketable securities. Stock-based compensation varies with the timing of vesting of option grants. A gain on sale of marketable securities is recorded when a sale occurs.

Working Capital

Working Capital for many quarters presented above decreased due to exploration and administrative costs, and increased when assets were sold, recorded as held for sale, or when debt settlements occurred.

Selected Annual Information

	2019	2018	2017
	Canadian \$	Canadian \$	Canadian \$
Interest income	261	115	120
Share Based Payments	5,696	59,823	261,502
Exploration and evaluation expenditures	46,774	585,350	509,464
Comprehensive income (loss) for the year	(81,568)	(1,005,242)	(1,253,015)
Income (loss) per share, basic and fully diluted	(0.01)	(0.07)	(0.08)
Total assets	48,738	472,278	1,591,950
Total non-current liabilities	89,788	18,900	57,100
Working capital	(202,455)	(199,134)	737,943

Capital Expenditures

During the nine-month period ended December 31, 2019, the Company incurred net capital expenditures of \$nil (March 31, 2019 - \$nil).

Financing Activities

During the nine-month period ended December 31, 2019, the Company:

- announced that the proposed reverse takeover by Bocana had been terminated. As a result of a mutually agreed settlement, the loan received from Bocana had been forgiven. Accordingly, during the nine-month period ended December 31, 2019, the Company recorded a gain of \$88,198 (2018: \$nil) as a result of the settlement of the Bocana loan;
- entered into a loan agreement with a shareholder, and received a loan of \$60,000, and bearing interest at a rate of 10% per annum, repayable on October 29, 2020. The loan is convertible to common shares of the Company at the lesser of \$0.075 per share, or such price the company has then most recently issued shares on a private or public basis (subject to a minimum of five cents per share), and may be prepaid, provided a full 12 months of interest is paid. The Company issued 500,000 bonus shares to the lender at a fair value of \$0.0255 (\$12,750).

During the year ended March 31, 2019, the Company did not engage in any financing activities except for the Bocana loan noted above.

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Liquidity and Capital Resources

The Company's aggregate operating, investing and financing activities for the nine-month period ended December 31, 2019 resulted in a cash decrease of \$11,370 (March 31, 2019: \$227,618). As at December 31, 2019, the Company's cash and cash equivalents balance was \$4,835 (March 31, 2019: \$16,205) and the Company had a working capital deficit of \$199,223 (March 31, 2019: working capital deficit of \$272,653).

The Company has not yet put into commercial production any of its mineral properties and as such has no operating revenues. Accordingly, the Company is dependent on the equity markets as its sole source of operating working capital. The Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for the investor support of its projects.

The Company will continue to require funds to meet its obligations and as a result, will have to continue to rely on equity and debt financing during such period. There can be no assurance that financing, whether debt or equity, will always be available to the Company in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to the Company.

The Company continues to review its mineral property holdings on an annual basis. The Company does not have any other commitments for material capital expenditures either in the near or long term over normal operating requirements and none are presently contemplated other than as disclosed above.

Transactions with Related Parties

Key Management Compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include the Company's CEO and CFO. Payments to key management are recorded as management fees. Share-based payments were incurred for both key management and directors. No directors' fees were paid during the applicable years.

The following key management compensation was incurred:

	Three Months ended December 31,		Nine Months ended December 31,	
	2019	2018	2019	2018
Management fees and salaries	\$ 37,500	\$ 37,500	\$ 112,500	\$ 112,500
Share-based payments	-	-	-	5,696
	\$ 37,500	\$ 37,500	\$ 112,500	\$ 118,196

Management fees are payable in Canadian dollars. After allowing for offsetting accruals, write-downs, expense allocations and disbursements, unpaid and accrued management fees as of December 31, 2019 were \$57,500 (March 31, 2018 \$87,500).

Off Balance Sheet Arrangements

To the best of management's knowledge, there are no other off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the company.

Critical Accounting Estimates and Changes in Accounting Policies

The Company makes estimates and assumptions 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 and assumptions.

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The estimates and assumptions of the Company are set out in Note 4 to the annual audited Consolidated Financial Statements as of and for the year ended March 31, 2019, which are incorporated herein by reference. The reader is referred to those statements for a detailed discussion of the accounting policies.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

The assumption that the Company will be able to continue as a going concern is subject to critical judgments of management with respect to assumptions surrounding the short- and long-term operating budget, expected profitability, investing and financing activities, and management's strategic planning. Should those judgments prove to be inaccurate, management's continued use of the going concern assumption could be inappropriate.

Future Accounting Changes

The Company did not adopt any new or amended standards for the year beginning April 1, 2019.

Recent Accounting Pronouncements

Numerous new standards, amendments and interpretations to existing standards have been issued but are not yet effective. Below is the new standard that is likely to be relevant to the Company. However, management has yet to assess the impact on the Company's operations.

IFRS 16 New accounting standard that replaces IAS 17, IFRIC 4, SIC 15, and SIC 27 for the recognition, measurement, presentation, and disclosure of leases for both the lessee and lessor (effective for annual periods beginning on or after January 1, 2019).

The Company has not early adopted this standard, and as the Company does not have any leases over one year to maturity, the standard is not expected to have a material impact on the results and financial position of the Company when the standard is adopted.

Financial Instruments

The Company is exposed through its operations to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated.

General Objectives, Policies and Processes:

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

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Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices. Market prices are comprised of four types of risk: foreign currency risk, interest rate risk, commodity price risk and equity price risk.

Interest Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is not exposed to significant interest rate risk due to the short term to maturity of its financial instruments.

Commodity Price Risk

Commodity price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate as a result of changes in commodity prices. The Company is not exposed to significant commodity price risk as the Company does not hold significant marketable securities.

Foreign Currency Risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and US dollar or other foreign currencies will affect the Company's operations and financial results. The Company currently has minimal net effective exposure to foreign exchange rate fluctuation. The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in United States dollars. The Company has not entered into any foreign currency contracts to mitigate this risk. The Company holds balances in US dollars that could give rise to exposure to foreign exchange risk.

Sensitivity to a plus or minus 10% change in the foreign exchange rate of the US dollar to the Canadian dollar would affect the reported loss and comprehensive loss by approximately \$1,102 (March 31, 2019: \$900) as detailed below:

United States Dollar Denominated Balances	December 31, 2019	March 31, 2019
Cash	\$ -	\$ (8)
Accounts payable	(11,082)	(8,988)
	\$ (1,102)	\$ (8,996)
10% change in exchange rate impact	\$ (1,102)	\$ (900)

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that are potentially subject to credit risk for the Company consist primarily of cash and cash equivalents. Cash and cash equivalents are maintained with financial institutions of reputable credit and may be redeemed upon demand.

The carrying amount of financial assets represents the maximum credit exposure. The Company has gross credit exposure at December 31, 2019 and March 31, 2019 relating to cash and cash equivalents of \$4,835 and \$16,205, respectively, held in deposits at a Canadian chartered bank. The Company considers this credit risk to be minimal for all cash and cash equivalent assets based on changes that are reasonably possible at the reporting date

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain,

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the liquidity risk increases.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses. To achieve this objective, the Company prepares annual capital expenditure budgets, which are regularly monitored and updated as considered necessary. Further, the Company utilizes authorizations for expenditures on exploration projects to further manage expenditures.

The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable.

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

Accounts payable and other liabilities	Up to 3 months	Between 3 and 12 months	Between 1 and 2 years	Over 5 years	Total
December 31, 2019	\$ 157,317	\$ 61,036	\$ -	\$ -	\$ 218,353
March 31, 2019	\$ 229,906	\$ 70,198	\$ -	\$ -	\$ 300,104

Determination of Fair Value

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The consolidated statement of financial position carrying amounts for cash and cash equivalents and trade and other payables approximate fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

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Outstanding Share Data

As of December 31, 2019, and the Report Date, the following table summarizes the outstanding share capital of the Company:

	December 31, 2019	Report Date
Common Shares	16,222,378	16,222,378
Stock Options	1,124,000	1,124,000
Warrants	1,000,000	1,000,000
Total, Fully Diluted	18,346,378	18,346,378

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Risks and Uncertainties

Natural resources exploration, development, production and processing involve a number of business risks, some of which are beyond the Company's control. These can be categorized as operational, financial and regulatory risks.

Operational risks include: the Company may not be able to find and develop reserves economically, the Company cannot guarantee title to its properties, the Company may have difficulty in marketing production and services, the Company must manage changing governmental law and regulations, the Company may have difficulty in hiring and retaining skilled employees and contractors, there are significant risks and hazards related to mining that are beyond the Company's control, there is no assurance that the Company will acquire additional mineral properties and any acquisitions may expose the Company to new risks, and the mining industry is intensely competitive for the acquisition of new properties, access to capital and hiring of skilled personnel. The Company continuously monitors and responds to changes in these factors and adheres to all regulations governing its operations.

Financial risks include commodity prices, interest rates and fluctuating foreign exchange rates, all of which are beyond the Company's control. Additional financial risks are the Company's ability to raise capital to continue funding its operations.

Regulatory risks include the possible delays in getting regulatory approval to, and permits for, the transactions that the Board of Directors believe to be in the best interest of the Company, and include increased fees for filings, the introduction of ever more complex reporting requirements the cost of which the Company must meet in order to maintain its exchange listing.

Events after the reporting period

The Company has evaluated its activities subsequent to December 31, 2019 and has determined that there were no material events to be reported.