Management's Discussion and Analysis

Year Ended – December 31, 2018

(Expressed in U.S. dollars, unless otherwise noted)

April 29, 2019

This Management's Discussion and Analysis ("MD&A") relates to the financial condition and results of operations of Core Gold Inc. ("Core Gold Inc" or the "Company") together with its subsidiaries as of the date of the report, and is intended to supplement and complement the Company's audited consolidated financial statements for the year ended December 31, 2018 and 2017. Readers are cautioned that this MD&A contains forward-looking statements and that actual events may vary from management's expectations. Core Gold Inc's public disclosure documents are available on SEDAR at www.sedar.com. The consolidated financial statements and MD&A are presented in United States ("US") dollars, except where noted, and have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This discussion addresses matters we consider important for an understanding of our financial condition and results of operations as of and for the year ended December 31, 2018.

OVERVIEW

Core Gold Inc. is a reporting issuer in the provinces of British Columbia, Alberta and Ontario, Canada. Its common shares trade on the TSX Venture Exchange and OTCQX under the trading symbol "CGLD" and "CGLDF" respectively. The Company's objective is to be a leading gold producer in Ecuador, operating profitable mining units and applying sustainable, safe and environmentally friendly practices in the communities in which our projects are located, as well as building value for shareholders through growth in production and investments in exploration.

The Company is in the business of acquiring, exploring and developing mineral concessions in Ecuador.

HIGHLIGHTS AND DEVELOPMENTS – FISCAL 2018

Mining activity at Dynasty Goldfields Project

For the year ended December 31, 2018, the Company produced approximately 21,748 oz of gold (2017 – 14,817 oz) and sold 21,439 oz of gold (2017 – 14,437 oz). Average realized gold price was approximately $1,272/oz (2017 - $1,260/oz).

All the Company's gold production was from the Dynasty Goldfields Project for the 12 months ended December 31, 2018.

Plan of Arrangement

On February 23, 2019, the Company entered into a binding Arrangement Agreement (the "Arrangement Agreement"), with Titan Minerals Limited ("Titan"), pursuant, to which Titan will acquire all of the issued and outstanding Company common shares by way of a share exchange (the "Merger"). The Merger will create a diversified Latin America focused ASX-listed gold company (the "Combined Company") with a robust portfolio of exploration, development and production assets in both the emerging mining jurisdiction of Ecuador and the well-established mining jurisdiction of Peru. The Combined Company will have a strong pipeline of growth opportunities.

The Merger will be affected by means of a statutory plan of arrangement (the "Arrangement") under the Business Corporations Act (British Columbia).

Under the Arrangement:

- each Company shareholder will receive 20 fully paid ordinary shares in Titan pre-consolidation ("Titan Shares") for every 1 Company common share (the "Exchange Ratio"); and
- holders of Company Options and Warrants will receive options in Titan on comparable terms, considering the Exchange Ratio under the Merger.

Highlights of the Arrangement Agreement

- Titan to combine with the Company by way of a Canadian court-approved plan of arrangement with Titan remaining the group parent Company
- Creates an emerging Latin America focused gold explorer, developer and producer with a large gold portfolio in Ecuador and Peru:
  - Measured: 437koz Au (2.9Mt @ 4.7g/t gold), Indicated: 585koz Au (4.0Mt @ 4.6g/t gold) and Inferred: 1.1Moz Au (7.8Mt @ 4.4g/t gold) at the Dynasty Goldfield project in Ecuador, reported in accordance with the existing Canadian NI 43-101 Technical Report
  - Current gold production in Ecuador and Peru with substantial near-term development potential
  - Portfolio of highly prospective exploration projects across Ecuador and Peru
- Minimum A$20 million equity financing to be completed by Titan at closing and commitment by Titan to provide a binding term sheet at closing for $10 million additional financing
- Well-funded pro-forma cash position of approximately C$25 million (A$27 million) and existing cash flow generation to support continued project development and exploration
- Proven management and operating teams with significant experience in Latin America, to be led by new CEO and Managing Director Laurence Marsland
- Combined Board of Directors comprising experienced mining professionals with a proven track record of maximizing value for shareholders

Financing

On March 25, 2019, the Company closed a US$3 million non-brokered private placement (the "Private Placement") with Titan, and amended the terms of the Arrangement Agreement between them pursuant to which Titan will acquire all of the issued and outstanding Company common shares by way of a court-approved share exchange plan of arrangement.

The Private Placement was conducted at a price of CAD$0.44 per Company share, a 100% premium to the Company share price of CAD$0.22 as of March 22, 2019, being the last trading date prior to announcement. Under the Private Placement, the Company issued a total of 9,151,363 common shares to Titan for total subscription proceeds of US$3 million (approximately CAD$4 million), equal to approximately 5.7% of the now outstanding common shares of the Company. The proceeds of the Private Placement will be used by the Company for its general working capital requirements.

Elipe Restoration

The Company's local Ecuadorian subsidiary, Elipe S.A. ("Elipe"), has successfully removed all liens over its concessions. The Company's 100%-owned projects held through Elipe are the following: Dynasty Goldfield, Linderos, Copper Duke and Zaruma.

Debt Extension

The Company entered into a debt extension agreement with each of Vertex Managed Value Portfolio and Vertex Enhanced Income Fund (collectively, "Vertex") to defer an aggregate of US$2,500,000 principal amount of debt owed to Vertex.

The Company has the following debt outstanding with Vertex that was due to mature on December 31, 2018:

1. US$1,500,000 promissory notes incurring interest at 12% per annum, payable monthly; and
2. US$1,000,000 freely assignable convertible promissory notes incurring interest at 12% per annum, payable monthly, and convertible into common shares of the Company by the holder at any time prior to the maturity date at C$0.30 per share.

The Company has paid outstanding interest related to the Promissory Notes and Convertible Notes up to December 31, 2018.

Vertex has agreed to amend the maturity date of the Promissory Notes and Convertible Notes (including the conversion feature) from December 31, 2018 to March 31, 2019. The Promissory Notes and Convertible Notes are currently outstanding and due on demand. Management is currently renegotiating the terms.

OUTLOOK

The Company has significant overdue accounts payable of approximately $14.4 million as at December 31, 2018 ($15.7 million as at December 31, 2017) in the aggregate, which is comprised of the amount owing to creditors ($8.9 million), government related payable ($1.3 million), payroll ($1.2 million) deferred revenue from non-core asset sales ($2.5 million) and other payables ($0.5 million).

Although Elipe S.A. is now out of liquidation through our commitment to lower our debts, the Company is in continued discussion with the government to lower the government related payables further in order to maintain corporate good standing in Ecuador. The restructuring of the company is an important step for Core in funding further development of its mining projects in Ecuador, as they allow the Company to settle the foregoing debt obligations and maintain its mining concessions.

The Company is currently focused on gold production at its wholly owned Dynasty Goldfield Project. Mineral is treated at the Company's wholly owned Portovelo Plant close to the Zaruma mine operations. The Company also owns several other significant gold exploration projects including the Copper Duke area, and Linderos area in southern Ecuador.

Going concern

Continuing operations continue to be dependent upon the Company's ability in the future to mitigate the risks and overcome the challenges generally associated with comparable development and early stage production enterprises. Most significantly, it must either generate sufficient cash flow from the sale of precious metals in the future or secure additional working capital from debt or equity financings or through the profitable sale of capital assets, as required, neither of which is assured.

The Company has experienced recurring operating losses and has an accumulated deficit of $122.1 million at December 31, 2018 (December 31, 2017 - $115.9 million). In addition, as at December 31, 2018, the Company has working capital deficit of $16.6 million (December 31, 2017 - $19.3 million deficit). Working capital is defined as current assets less current liabilities and provides a measure of the Company's ability to settle liabilities that are due within one year with assets that are also expected to be converted into cash within one year. The continuing operations of the Company are dependent upon its ability to arrange additional financing. These matters result in material uncertainties which may cast significant doubt about the Company's ability to continue as a going concern.

DYNASTY GOLDFIELD PROJECT

Overview

From 2003 until 2008 (when the Ecuador Government introduced an exploration moratorium), Core carried out geological mapping, sampling, geophysical surveys and diamond drilling on the Dynasty Goldfield Project. Since that time, little additional work has been undertaken on this property apart from a NI 43-101 mineral resource estimate compiled from drill data completed in earlier years. In February 2016, the Company received the Environmental

Authorization for the Dynasty Goldfield Project located approximately 160km southwest of Dynasty's Zaruma gold mine and Portovelo Plant.

The Dynasty Goldfield Project is qualified under Ecuador's small-scale mining regime and subject to a fixed 3% royalty and no windfall tax, with no need to sign a mining contract with the Government. The small-scale mining regime allows open pit activities with an exploitation volume of up to 1,000 tonnes a day per concession, a total of 3,000 tonnes per day for the three concessions under consideration.
The Dynasty Project, also known as the Dynasty Copper-Gold Belt consists of 20 100% owned concessions.

The Company has no work obligations with respect to the project property.

In the Company's efforts to pursue strategic alternatives to advance its other key project, Core entered into a definitive three-year agreement with Green Oil S.A. ("Green Oil"), an Ecuadorean company, in respect of its Dynasty Goldfield Project. Green Oil will act as a contractor for the development of specific mining concessions.

Under the terms of this agreement, Green Oil will focus on surface excavation of mineralized material on three of Core's mining concessions within the Dynasty Goldfield Project, each of which is fully permitted and qualified under Ecuador's special regime for small-scale mining. Within two months of commencement of mining activities, Green Oil must excavate a minimum of 400 tonnes per day and 750 tonnes per day by the beginning of the third month. Green Oil has the right to mine open pitable surface material only and Dynasty retains the right to explore and develop all underground mineralization on these three concessions. Dynasty retains all rights to mineralized material developed underground within or beyond the three-year term of this agreement.

Throughout the year ended December 31, 2018, mining activities were performed by Green Oil.

The terms of the arrangement specify that Green Oil will begin exploitation (open pit excavation under the direction of Core) within 60 days of commencing road construction. Green Oil will be responsible for transportation of mineralized material from the point of excavation to the Portovelo Plant, approximately 180 km away. Green Oil is also responsible for securing the mineralized material during transport and tracking truck loads via satellite from the point of excavation to the Portovelo Plant.

Operational Results

Operating statistics	**December 31, 2018**
Ore mined (tonnes)	249,753
Waste mined (tonnes)	2,210,605
Total mined (tonnes)	2,460,358
Waste-to-ore-ratio (strip ratio)	8.8 : 1
Recovery	89%
Grade of ore mined (g/t Au)	3.02
Gold ounces - produced	21,748
Gold ounces - sold	21,439
All-in sustaining cash cost per ounce(1)	1,043
All-in cash cost per ounce(1)	1,339
Average realized gold price per ounce sold	1,272

(1) Cash cost is a non IFRS measure. See "Non IFRS Measures"

Production Update

Mining activities at Dynasty Goldfield began in January 2017 and since then the Company has successfully ramped up production from Q1 to Q4 2018. Although a much heavier than usual El Niño-related rainfall in Q2 2017 hindered ramp up, the Company successfully stabilized production in Q3, and Q4 2017, reaching a peak monthly production rate of approximately 1,800 oz of gold per month. For fiscal 2018, the Company produced approximately 21,748 oz of gold.

Based upon the current Portovelo plant (formerly known as the Zaruma plant) capacity of 750 tons per day, gold production from the Dynasty Goldfield mining unit alone may be able to sustain an annualized rate of approximately 22,000 to 26,000 ounces*.

**Readers are cautioned that this MD&A contains forward-looking statements and that actual events may vary from management's expectations (please review the disclaimer noted at the end of this report)*

All of the Company's material from Dynasty Goldfield is being trucked to the Company's wholly owned Portovelo processing plant for processing and sale. Core Gold management wholly refurbished the crushing circuit at the Portovelo processing plant and has plans in place to increase plant capacity back up to its nameplate 2,000 tpd capacity with a $4.0 million capital expenditure program. The main thrust of this plan will include refurbishment of the milling circuit where currently only one 1,000 tpd mill is operational and increasing carbon-in-pulp tank capacity.

Per the 43-101 Technical Report entitled "Dynasty Goldfield Project – Celica, Loja Province, Ecuador" dated October 22, 2014 (which can be found on both the Core Gold website www.coregoldinc.com and at www.sedar.com) (the "**Technical Report**"), with over 1.0 million ounces of gold in the Measured and Indicated mineral resource categories and another 1.1 million ounces of gold in the inferred category, the Dynasty Goldfield Project has the potential to significantly drive the Company's gold production going forward.

The Dynasty Goldfield Project is fully qualified and permitted under Ecuador's small-scale mining regime and subject to a fixed 3% royalty with no windfall tax. The small-scale mining regime allows open pit activities with an exploitation volume of up to 1,000 tonnes a day per concession, which would allow up to a total of 3,000 tonnes per day production from the three contiguous concessions that contain the Dynasty Goldfields gold resources.

Mineral resource estimate for the Dynasty Goldfield Project is as follows (please refer to the Technical Report for further details):

Category	**Tonnes** (t)	**Gold grade** (g/t)	**Contained Gold** (oz's)	**Silver grade** (g/t)	**Contained Silver** (oz's)
Measured	2,909,000	4.7	437,000	38.1	3,567,000
Indicated	3,958,000	4.6	585,000	38.8	4,936,000
Total M&I	**6,867,000**	**4.6**	**1,022,000**	**38.5**	**8,504,000**
Inferred	7,825,000	4.4	1,118,000	39.4	9,901,000

Note: A cut-off grade of 2.0 g/t was used to derive the mineral resource estimate.

Since commencement of production at Dynasty Goldfield, the head grade of mined material delivered to the Portovelo Plant has averaged 3.2 grams/ton gold, which when accounting for mining dilution is consistent with the resource grade as defined in the Technical Report despite not having established reserves. Further, since commencement of production along 6 previously identified veins in the Cerro Verde Zone of the project, the Company is pleased to announce that a further 3 veins have been discovered and mined suggesting further potential upside to the project's already significant resources and development potential.

The Company has conducted 3 trial column leach tests on the mineral currently being mined. On the basis of these results a 30 ton trial heap has been started. If successful, heap leach, instead of milling and agitation in the treatment plant, would significantly reduce operating costs and allow a greater profit margin from current operations. Heap leach also has the advantage that leach pads are more stable and have much greater capacity than tails dams.

The Dynasty Goldfield Project covers an area of approximately 21,909 hectares within the Dynasty Copper-Gold Belt. The Dynasty Goldfield Project includes the Papayal Project and Cerro Verde quartz vein swarms and stockworks, where drilling has confirmed the presence to depth of high-grade gold and silver mineralization.

Cautionary Note regarding Production without Mineral Reserves

The decision to commence production at the Dynasty Goldfield Project and the Company's ongoing mining operations as referenced herein (the "**Production Decision and Operations**") are based on economic models prepared by the Company in conjunction with management's knowledge of the property and the existing estimate of measured, indicated and inferred mineral resources on the property. The Production Decision and Operations are not based on a preliminary economic assessment, a pre-feasibility study or a feasibility study of mineral reserves demonstrating economic and technical viability. Accordingly, there is increased uncertainty and economic and technical risks of failure associated with the Production Decision and Operations, in particular: the risk that mineral grades will be lower than expected; the risk that additional construction or ongoing mining operations are more difficult or more expensive than expected; and production and economic variables may vary considerably, due to the absence of a detailed economic and technical analysis in accordance with NI 43-101.

Qualified Person

Mr. John E. Bolanos, who is a qualified person under NI 43-101, has reviewed and approved the technical content of this news release. Mr. Bolanos is a technical consultant to the Company, with a M.Sc. in Mining Geology (U.K.) and a Professional Geologist Eng. from Ecuador (honours degree). He is a registered member of the SME of the United States, Director of the Ecuadorian College of Engineers in Geology, Mines, Oil and Environment; and a member of the Mining Chamber of Ecuador. He has 29 years of experience in the exploration and mining industry throughout the Americas.

DYNASTY GOLDFIELD REGIONAL – LINDEROS

Overview

The Linderos project is an exploration property located in Macara county, Loja province, southern Ecuador. It is composed of 4 contiguous concessions located southwest of the Company's Dynasty Goldfield project. The Linderos project comprises gold-copper porphyry system style mineralization.

During Q4 2018, the Company continued a 1,700m Phase 1 drilling campaign at the Linderos property. The initial drilling program targeted two porphyry related mesothermal – epithermal gold bearing vein structures (Structure 1 and Structure 2) hosted in a NW-SE trending shear zone mapped and sampled in 2017.

Results from the trenching program defined Structure 1 with a width of 8.4 m extending 910 m along strike averaging 8.18 g/t Au and 13.81 g/t Ag and Structure 2 with a width of 2.4 m extending 500 m along strike averaging 9.22 g/t Au and 10.46 g/t Ag. These two structures are hosted within the broader shear zone, which extends for approximately 1 Km in the direction northwest - southeast.

Results of the drilling campaign show the following select intervals:

- 5.94 m @ 10.78 g/t Au included within 28.80 m @ 2.56 g/t Au

- 7.80 m @ 5.25 g/t Au included within 19.60 m @ 2.27 g/t Au

These initial results provide evidence that the two main gold bearing mineralized structures (target 1 and 2) discovered through Core Gold’s preliminary surface trenching program in 2017 extend at depth.

The gold mineralization thus far identified is associated with sulphide veins cutting intensely quartz-sericite-pyrite altered felsic igneous rocks. Mineralization is contained within a NW trending fault (shear zone) related brecciated structures adding together up to 25 m wide and are oxidized to a depth of approximately 30 meters.

Late, gold bearing sulphide veins are hosted in discrete shoots within the NW trending fault zone. The controls on the localization of the high-grade gold mineralization have yet to be determined.

COPPER DUKE

Overview

The Copper Duke project consists of 13 mineral concessions covering a number of gold and copper porphyry occurrences in an area of approximately 100 sq. km. The project is located in Catacocha (Paltas) county, Province of Loja, approximately 18 kilometers east of the Company's Dynasty Goldfield mining unit and 40 kilometers south of the Company's Portovelo processing plant. The Company has received the necessary exploration permit from Ecuadorian Ministry of Mines and is in the process of formulating a preliminary exploration plan.

ZARUMA PROJECT

Overview

The Zaruma Gold Project comprises 36 concessions, located in the El Oro Province of southwestern Ecuador, near the towns of Zaruma and Portovelo. As at December 31, 2018, 34 of the concessions are 100% owned, one is 50% owned and one is 25% owned and subject to a concession sharing arrangement. The Company has title to the remaining concession and has paid the majority of applicable option payments on this concession.

Two of the concessions are subject to a 1% Net Smelter Return ("NSR") royalty payable to a company managed by a director, three concessions are subject to a 2% NSR royalty and 30 are subject to a 1.5% NSR royalty. The Company has no work obligations with respect to the project concessions.

SUMMARY OF CONSOLIDATED PROFIT AND LOSS

Expressed in thousands of US Dollars	**December 31, 2018**	**December 31, 2017**	**December 31, 2016**
Revenue	$ 27,270	$ 18,185	$ 3,851
Operating Costs			
Cost of goods sold	(22,842)	(18,454)	(10,465)
Depreciation and depletion	(3,191)	(2,727)	(3,091)
Gain (loss) from Mine Operations	1,237	(2,996)	(9,705)
General and administration	(6,432)	(7,444)	(4,130)
Stock-based compensation	(716)	(481)	(173)
Loss from Operations	(5,911)	(10,921)	(14,008)
Other Expenses			
Gain on derivative liability	1,769	326	10
Impairment – mineral property	-	(10,278)	(18,855)
Impairment – exploration properties	-	(933)	(893)
Finance expenses	(2,075)	(886)	(1,157)
Foreign exchange (loss) gain	(33)	412	55
Net loss before tax	(6,250)	(22,280)	(34,848)
Income tax provision	-	-	-
Net loss after tax	(6,250)	(22,280)	(34,848)
Basic & Diluted loss per share	$ (0.05)	$ (0.23)	$ (0.59)
Weighted Average Number of Shares Outstanding ('000)	132,618	95,383	59,065

Expressed in thousands of US Dollars	**December 31, 2018**	**December 31, 2017**	**December 31, 2016**
Cash	$ 132	$ 1,097	$ 20
Total assets	23,764	24,445	37,821
Cash dividends declared	$ 0.00	$ 0.00	$ 0.00

*General and administration expense includes insurance expense, salaries and wages, professional fees and other corporate expenses.

During the year ended December 31, 2018, the Company incurred a $6.3 million loss from operations, which was lower than comparative periods in prior years due to increased production and sales. The Company incurred a net loss from operations due to additional general and administration expenses incurred due to an increase in corporate activity (e.g. marketing, corporate development initiatives, etc). The gains and losses on derivative liability fluctuated due to the change in the Company's stock price. Finance expense was higher due to additional lending required to meet debt obligations. In addition, there are non-cash items included such as accretion expense, coupled with $0.7 million non-cash loss on settlement of Vertex debt from the shares for debt transaction. The Company did not record any impairments in the current period.

There was an overall decrease in cash during the year, this was driven mainly by increases in prepaid expenses, and decreases in accounts payable. This was somewhat offset by proceeds received from both equity and debt financings the Company undertook during the year. Total assets remained relatively consistent from last year.

QUARTERLY RESULTS

Express in thousands of US Dollars	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Revenue	**6,203**	7,036	6,577	7,454	12,108	5,067	-	1,010
Net loss	**(186)**	(2,382)	(1,663)	(2,019)	(13,723)	(103)	(4,008)	(4,446)
Basic and diluted earnings (loss) per share	**(0.05)**	(0.02)	(0.01)	(0.02)	(0.13)	(0.00)	(0.05)	(0.05)
Cash	**132**	1,160	509	1,194	1,097	612	986	37
Total assets	**23,764**	24,192	23,476	24,651	24,445	36,753	35,066	34,543
Cash dividend declared	-	-	-	-	-	-	-	-

Three months ended December 31, 2018 compared with all historic quarters in 2018 and 2017

The Company's revenue was slightly lower than the previous quarter driven by a 13% decrease in gold sales from Q3 2018. Q4 2017's revenue was significantly higher due to a timing difference of recognition of deferred revenue (gold sales advances received in Q2 and Q3 2017) that were received in the earlier quarters in 2017. The net loss was lower during the current quarter due to increased efficiencies at the mine level, resulting in an improved gross margin.

Total assets as at December 31, 2018 compared with all historic quarters

Cash decreased during the period when compared to the previous quarter, as no equity financings occurred during Q4 2018, and minimal debt capital was raised during Q4 2018.

When compared with all the other historic quarters, total assets remained relatively consistent with the previous three quarters. The current quarter's assets were lower than 2017 and 2016 due to impairment of the Zaruma project in Q4 2017.

LIQUIDITY AND CAPITAL RESOURCES

A summary of the Company's cash position and changes in cash for:

Expressed in thousands of US Dollars	**December 31, 2018**	**December 31, 2017**	**December 31, 2016**
Cash flow used in operating activities	**$ (8,519)**	$ (5,859)	$ (3,842)
Cash flow (used in) provided by investing activities	**(761)**	572	(1,175)
Cash flow from financing activities	**8,315**	6,364	4,589
Net change	**(965)**	1,077	(428)
Cash balance	**132**	1,097	20

As at December 31, 2018, the Company had a working capital deficit of $16.6 million compared to working capital deficit of $19.3 million as at December 31, 2017.

Cash outflow from operating activities was higher than prior years as the Company has continued to reduce its outstanding payables throughout 2018 and increased its prepaid expenses in 2018 in comparison to 2017.

Cash flow used for investing activities in 2018 were $1.3M higher than in 2017. The $0.8M cash outflow in 2018 was spent on exploration activates at the Linderos property and advances on land purchases in the Dynasty Goldfield region.

Cash inflow from financing activities is from comparable sources to the previous year. These funds were generated from equity financing, and funds received from short-term loans.

SHAREHOLDER'S EQUITY

Core Gold Inc.'s authorized capital stock consists of an unlimited number of common shares without par value. As at December 31, 2018 and date of this report:

	Stock options ('000)	Share purchase warrants ('000)	Common shares ('000)
As at December 31, 2018	13,488	28,856	146,047
Share purchase warrants expired	-	(1,000)	-
Stock option granted (cancelled)	(4,110)	-	-
Common shares issued	-	-	18,266
As at date of report	9,378	27,856	164,313

On April 25, 2019, 250,000 share purchase warrants expired with an exercise price of CAD$0.35.

On April 3, 2019, 750,000 share purchase warrants expired with an exercise price of CAD$0.33.

On March 29, 2019, the Company issued 3,873,042 common shares as part of conversion of convertible debenture held by Credipresto.

On March 25, 2019, the Company issued 9,151,363 common shares to Titan for total subscription proceeds of $3M as part of a private placement. The private placement was conducted at a price of C$0.44 per Core Gold share.

On February 14, 2019, the Company issued 2,620,800 common shares as part of conversion of convertible debenture held by Credipresto.

On February 13, 2019, the Company issued 2,620,800 common shares as part of conversion of convertible debenture held by Credipresto.

Subsequent to December 31, 2018, a total of 4,110,000 stock options were cancelled related to ex-employees of the Company.

The following is a table discloses the number of options and vested options outstanding as at the date of the report:

Number of options ('000s)	Number of options vested ('000s)	Exercise price CAD$	Expiry Date
1,353	1,353	$ 0.92	21-Nov-2019
4,080	4,080	0.23	07-Dec-2021
2,205	1,654	0.30	27-Feb-2023
250	125	0.31	15-May-2023
1,490	745	0.30	1-Oct-2023
9,378	7,957	$ 0.36	

The following table discloses the number of options and vested options outstanding as at December 31, 2018:

Number of options ('000s)	Number of options vested ('000s)	Exercise price CAD$	Expiry Date
1,353	1,353	$ 0.92	21-Nov-2019
6,075	6,075	0.23	07-Dec-2021
3,525	1,763	0.30	27-Feb-2023
250	125	0.31	15-May-2023
2,285	579	0.30	1-Oct-2023
13,488	9,895	$ 0.34	

The following is a table discloses the share purchase warrants outstanding as at December 31, 2018 and as at the date of the report:

Expiry date	Number of warrants ('000)	Exercise price (CAD$)
June 30, 2019	2,967	$ 0.45
July 14, 2019	1,642	$ 0.45
August 3, 2019	811	$ 0.45
September 5, 2019	1,277	$ 0.45
September 15, 2019	1,016	$ 0.45
October 13, 2019	1,790	$ 0.45
December 18, 2019	1,582	$ 0.45
December 28, 2019	2,066	$ 0.45
February 1, 2020	3,761	$ 0.45
April 2, 2020	2,706	$ 0.45
April 25, 2019	800	$ 0.365
May 4, 2020	2,255	$ 0.45
May 29, 2020	548	$ 0.45
September 28, 2020	4,635	$ 0.45
As a date of report	27,856	$ 0.45

CAPITAL MANAGEMENT

The capital of the Company consists of items included in shareholder's equity. The Company's objectives for capital management are to safeguard its ability to support the Company's normal operating requirement on an ongoing basis, continue the development and exploration of its mineral properties and support any expansionary plans.

The Company manages its capital structure and adjusts considering changes in its economic environment and the risk characteristics of the Company's assets. To effectively manage the entity's capital requirements, the Company has in place a planning, budgeting and forecasting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. As at December 31, 2018, the Company expects its capital resources will support its normal operating requirements, planned development and exploration of its mineral properties for the next twelve months. There are no externally imposed capital requirements to which the Company has not complied.

REGULATORY DISCLOSURES

Off balance sheet arrangements

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

Proposed Transactions

The Company does not have any proposed transactions as at December 31, 2018 other than as disclosed elsewhere in this document.

Related Party Transactions

The Company's related parties include its subsidiaries, associates over which it exercises significant influence, and key management personnel (which include officers, directors, or companies with common directors of the Company). Transactions with related parties for goods and services are made on normal commercial terms and are considered to be at arm's length.

The Company incurred the following expenses with key management personnel during the year ended December 31, are as follows:

Expressed in thousands of US Dollars	2018	2017
Salary and wages, management fees	$ 873	$ 588
Stock-based compensation	409	348

(a) As at December 31, 2018, the related party loan outstanding was $545,000 (December 31, 2017 - $545,000).

(b) During the year ended December 31, 2017, the Company settled $265,000 of salary and wages with an officer with 1,150,000 units from the June 30, 2017 private placement. There was no comparable transaction for the year ended December 31, 2018.

(c) Accendo's senior management member is also currently a director of the Company.

(d) As at December 31, 2018 there was $343,000 (December 31, 2017 - $343,000) included in accounts payable and accrued liabilities owing to an ex-director of the Company.

New Accounting Standards Issued but Not Yet Effective

IFRS 16 – Leases ("IFRS 16")

On January 6, 2016, the IASB issued IFRS 16, Leases. IFRS 16 specifies the methodology to recognize, measure, present and disclose leases. IFRS 16 replaces IAS 17 Leases and the effective date for reporting periods beginning on or after January 1, 2019 with early adoption permitted. For lessees, IFRS 16 will bring most leases onto the consolidated statements of financial position under a single model, eliminating the distinction between operating and finance leases. Lessors will continue accounting for leases under a dual lease classification model, and the classification between operating and finance leases will determine how and when a lessor will recognize revenue, and what assets would be recorded.

The Company will be adopting IFRS 16 on January 1, 2019 using the modified retrospective approach. Under this approach, the cumulative effect of initially applying IFRS 16 is recognized as an adjustment to equity at the date of initial application. Comparative figures are not restated to reflect the adoption of IFRS 16. Additionally, the Company will be adopting the exemption for leases with a lease term of 12 months or less and for leases that are low value. The Company expects the adoption of this standard to increase assets by recording a right-of-use asset upon adoption. There will also be an increase to liabilities as a corresponding liability will also be recorded in the consolidated financial statements. The Company also expects an impact from the reclassification of lease expense from operating expense and general and administration expense to depreciation expense and interest expense. Cash flows from operating activities will increase as payments will be reclassified to cash flows from investing activities. There will be a potential impact on financing cash flows as a result of any leasing arrangements entered into.

New Accounting Standards Adopted during the year

IFRS 15 – Revenue from Contracts with Customers ("IFRS 15")

IFRS 15, Revenue from Contracts with Customers was adopted on January 1, 2018. The standard introduces a single, principles-based, five-step model for the recognition of revenue when control of goods is transferred to the customer. The five steps are: identify the contract(s) with the customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to each performance obligation and recognize revenue as each performance obligation is satisfied. IFRS 15 also requires enhanced disclosures about revenue to help users better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers. The amended standard did not have an impact on the financial statements.

IFRS 9 – Financial Instruments ("IFRS 9")

IFRS 9, In July 2014, the IASB issued the final version of IFRS 9 which replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity's business model and the contractual cash flow of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument. IFRS 9 amends some of the requirements of IFRS 7 Financial Instruments: Disclosures, including added disclosures about investments in equity instruments measured at fair value in other comprehensive income, and guidance on financial liabilities and derecognition of financial instruments.

The amended standard was adopted on January 1, 2018 and the Company adopted IFRS 9 retrospectively without restatement of comparative amounts on January 1, 2018, as allowed through the practical expedient. No other differences of any significance have been noted in relation to the adoption of IFRS 9.

Financial Instruments

Fair values of financial instruments

The fair values of financial instruments are summarized below.

Expressed in thousands of US Dollars	**Fair Value Hierarchy Level**	**December 31, 2018**	**December 31, 2017**
Financial assets			
Receivables			
Cash (1)	N/A	$ 132	$ 1,097
Other receivables (1)	N/A	12	12
Financial liabilities			
Other financial liabilities			
Accounts payable & accrued liabilities (1)	N/A	14,385	15,735
Convertible debenture - Vertex(3)	N/A	1,000	988
Convertible debenture - Credipresto(3)	N/A	1,756	1,789
Related party loan(3)	N/A	545	545
Loan payable(3)	N/A	3,876	3,416
Derivative			
Warrant liability (2)	Level 3	967	1,686

(1) The carrying value of cash, receivables and accounts payable and accrued liabilities approximates fair value due to the short-term nature of these items.

(2) The Company applies a standard Black-Scholes model to value the warrant liability.

(3) Loans payable and convertible debentures are presented on an amortized cost basis and will be accreted to their face value at their effective interest rates, over the term to maturity.

The Company's policy for determining when a transfer occurs between levels in the fair value hierarchy is to assess the impact at the date of the event or the change in circumstances that could result in a transfer. There were no transfers between the levels during the year ended December 31, 2018.

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents, and marketable securities. The Company's cash are held through large Canadian financial institutions. The Company holds minimal balances in banks in Ecuador.

Receivables mainly consist of employee advances and sales tax refunds from the Federal Governments of Canada and Ecuador. Management believes that the credit risk concentration with respect to receivables is minimal.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. The Company is exposed to liquidity risk.

Market Risk

The Company's financial instruments include investments which are publicly traded and therefore subject to the risks related to the fluctuation in market prices of publicly traded securities. Some of these investments have been acquired as a result of property transactions and, to a large extent, represent strategic investments in related mining companies and their properties. The Company closely monitors market values to determine the most appropriate course of action.

Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. The ability of the Company to explore its mineral properties and the future profitability of the Company are directly related to the market price of gold and other precious metals. The Company monitors gold and other commodity prices to determine the appropriate course of action to be taken by the Company.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate because of changes to market interest rates. The Company maintains short-term deposits in instruments that are redeemable at any time without penalty, thereby reducing its exposure to interest rate fluctuations thereon. The Company has interest bearing debt and may be subject to interest rate risk.

Foreign Exchange Risk

Currency risk is the risk of a loss due to the fluctuation of foreign exchange rates and the effects of those fluctuations on the Company's foreign currency denominated monetary assets and liabilities. The Company's operations in the Canada and Ecuador create exposure to foreign currency fluctuation. Certain costs and expenses are incurred in Canadian dollars, and the fluctuation of the US dollar in relation to the Canadian dollar will have an impact upon the profitability of the Company and may also affect the value of the Company's financial assets and liabilities. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks.

A portion of the Company's cash, receivables and accounts payable and accruals are denominated in the Canadian dollar and are therefore subject to fluctuation in exchange rates, however these balances are not large enough to expose the Company to significant foreign exchange risk.

Significant Accounting Policies and Estimates

Please refer to the audited annual financial statements for the year ended December 31, 2018 which was filed on SEDAR.

Critical Risk Factors and Uncertainties

Mining and Resource Risks of Exploration and Development

Some of the properties in which the Company has an interest or the right to earn an interest are in the exploration stage only and are without a known body of commercial ore. As the Company is principally an exploration and early development stage company, the Company has little revenue, and therefore a history of losses. The level of profitability of the Company in future years will depend to a great degree on market prices of precious and base metals, the ability of the Company to meet expected production levels of the Dynasty Goldfield Project, and whether any of the Company's other exploration stage properties can be brought into production.

Development of any properties will only follow upon obtaining satisfactory results. Mineral exploration and development involve a high degree of risk and few properties that are explored are ultimately developed into producing mines. There is no assurance that the Company's exploration and development activities will result in any discoveries of commercial bodies of ore. The long-term profitability of the Company's operations will be in part directly related to the cost and success of the Company's exploration programs, which may be affected by a number of factors.

Substantial expenditures are required to establish reserves through drilling, to develop processes to extract the resources and, in the case of new properties, to develop the extraction and processing facilities and infrastructure at any site chosen for extraction. Although substantial benefits may be derived from the discovery of a major deposit, no assurance can be given that resources will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis.

It is impossible to ensure that future exploration programs and feasibility studies on the Company's existing mineral properties will establish reserves. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; the interpretation of geological data obtained from drill holes and other sampling techniques; feasibility studies (which include estimates of cash operating costs based on anticipated tonnage and grades of ore to be mined and processed); metal prices, which cannot be predicted and which have been highly volatile in the past; the expected recovery rates of metals from the ore; mining, processing and transportation costs; perceived levels of political risk and the willingness of lenders and investors to provide project financing; and governmental regulations, including, without limitation, regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting materials, foreign exchange, environmental protection and reclamation and closure obligations. The effect of these factors cannot be accurately predicted, but any one, or a combination of, these factors may cause a mineral deposit that has been mined profitably in the past, to become unprofitable. The Company is subject to the risks normally encountered in the mining industry, such as unusual or unexpected geological formations as well as political and economic risks associated with developing nations. The Company may be subject to liability for pollution or against other hazards against which it cannot insure or against which it may elect not to insure.

The development of mineral properties is affected by many factors, some of which are: the cost of operations; variations in the grade of ore; fluctuations in metal markets; costs of extraction and processing equipment; and government regulations, including without limitation, regulations relating to royalties, allowable production, importing and exporting of minerals, foreign exchange and environmental protection. Depending on the price of minerals, the Company may determine that it is impractical to commence or, if commenced, continue commercial production.

Mining costs are rising in the current world market, although the effect is somewhat ameliorated by lower labour costs in Ecuador.

Project-specific risks associated with the Dynasty Goldfield Project and Zaruma Gold Project are: uncertainty in respect of the tonnage and grade of mineralization in areas of previous mining; and the risk of dilution and productivity in gold recovery, which are fairly high in high-grade narrow vein operations. Development projects rely on the accuracy of predicted factors including: capital and operating costs; metallurgical recoveries; reserve estimates; and future metal prices. Development properties are also subject to accurate economic assessments and feasibility studies, the acquisition of surface or land rights and the issuance of necessary governmental permits. As a result of the substantial expenditures involved, developments are prone to material cost overruns. Project development schedules are also dependent on obtaining the governmental approvals necessary for the operation of a project, the timeframe of which is often beyond our control.

Although the Company's feasibility study is generally completed with the Company's knowledge of the operating history of similar ore bodies in the region, the actual operating results of its development projects may differ materially from those anticipated, and uncertainties related to operations are even greater in the case of development projects. Future development activities may not result in the expansion or replacement of current production with new production, or one or more of these new projects may be less profitable than currently anticipated or may not be profitable at all, any of which could have a material adverse effect on the Company's results of operations and financial position.

The Company is concentrated in the gold mining industry, and as such, the Company may be sensitive to changes in, and its performance will depend to a greater extent on, the overall condition of the gold mining industry. The Company may be susceptible to an increased risk of loss, including losses due to adverse occurrences affecting the Company more than the market as a whole, as a result of the fact that the Company's operations are concentrated in the gold mining sector. A sustained period of a declining gold price would materially and adversely affect the results of operations and cash flows. Additionally, if the market price for gold declines or remains at relatively low levels for a sustained period of time, the Company may have to revise its operating plans, including reducing operating costs and capital expenditures, terminating or suspending mining operations at one or more of its properties and discontinuing certain exploration and development plans. The Company may be unable to decrease its costs in an amount sufficient to offset reductions in revenues and may incur losses.

Uncertain Mining Legislation
In April 2008, the Mining Mandate invoked a suspension of activities on most mining concessions in Ecuador while the new Mining Law was being approved. The new Mining Law is now in effect and states that each company must negotiate an exploitation contract with the government if it wishes to obtain a large scale mining license. Such an exploitation contract is expected to include, among other items, a negotiated royalty payable to the Ecuadorian government. The timing of completion of an exploitation contract is uncertain and there is no assurance the Company will be able to agree to an exploitation contract on terms satisfactory to the Company or at all, or at a royalty rate that will not have an adverse effect upon the Company's future operations, if the Company wished to graduate its mining licenses in the future.

Operating and Liquidity Risk
The Company is a development and early production stage company and has only recently commenced commercial production for accounting purposes. The Company has funded substantially all its operating and capital expenses with, historically, proceeds from the sale of capital stock, and, recently from the sale of precious metals produced at its Dynasty Goldfield Project. The Company has yet to reach the stage of sustainable commercial production. Therefore, continuing operations are dependent upon the Company's ability in the future to mitigate the risks and overcome the challenges generally associated with comparable development stage enterprises. Most significantly, it must either generate sufficient cash flow from the sale of precious metals or secure additional working capital from debt or equity financings, or through the sale of capital assets, as required, neither of which is assured.

Foreign Country and Political Risk
All of the Company's mineral properties are located in Ecuador, South America which has specific risks that may adversely affect the Company's business and results of operations, and which are different from, and in many cases, greater than, comparable risks associated with similar operations within North America. The political and economic environment in Ecuador has been unstable in the past, and the country has been subject to strikes and general civil unrest. There can be no assurance that the political or economic environment in Ecuador will be stable in the future. Risks associated with political or economic instability include, but are not limited to, terrorism, hostage taking, military repression, high rates of inflation, currency fluctuations and controls, crime, corruption uncertainty of the rule of law and legal systems, misuse of legal systems, labour unrest, risks of war or civil unrest, illegal mining and possible political or economic instability which may result in the impairment or loss of mineral concessions or other mineral rights. Mineral exploration and mining activities may be affected in varying degrees by political instability and government regulations relating to the mining industry.
Changes in resource development or investment policies or shifts in political attitude in Ecuador may adversely affect the Company's business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, royalties on mineral production, expropriation of property, maintenance of claims, environmental legislation, land use, land claims of local people,

water use and mine safety. The effect of these factors cannot be accurately predicted.

The possibility that current, or a future, government, its agencies or any other authoritative body may adopt substantially different policies or take arbitrary action which, whether legitimate or not, might halt exploration, production or other of the Company's operations, extend to the nationalization of private assets or the cancellation of contracts, the cancellation of mining and exploration rights and/or changes in taxation treatment cannot be ruled out, any of which could have a material and adverse effect on the Company's future cash flows, earnings, results of operations and financial condition.

Currently, the regulatory system in Ecuador contains many inconsistencies and contradictions. Many of the laws provide substantial administrative discretion in their application and enforcement. In addition, the laws are subject to changing and different interpretations. New laws, such as tax laws, are often introduced with potentially far reaching consequences but whose application, effect and scope cannot be reasonably ascertained due to the lack of concurrently published regulations. These factors mean that even the Company's best efforts to comply with applicable laws may not always result in compliance or may result in arbitrary allegations and legal proceedings. Consequences and relief sought may also be disproportionate to the alleged violation. Any potential liability the Company may be subject to as a result of the application of such laws is also unknown, unascertainable and unquantifiable. The uncertainties, inconsistencies and contradictions in the laws of Ecuador and their interpretation and application could have a material adverse effect on the Company's business, business prospects, and results of operations.

Uncertainty of Mineral Resource Estimates
Other than the Dynasty Goldfield project and the Zaruma Gold Project, which is in intermittent production, the Company has no other mineral producing properties at this time. Only those mineral deposits that the Company can economically and legally extract or produce, based on a comprehensive evaluation of cost, grade, recovery and other factors, are considered "resources" or "reserves." The Company has not defined or delineated any proven or probable reserves on any of its properties. The resource estimates included herein have been carefully prepared, reviewed or verified by independent mining experts, but these amounts are estimates only and no assurance can be given that any particular level of recovery of minerals from mineralized material will in fact be realized or that an identified mineralized deposit will ever qualify as commercially mineable (or viable) reserves.

Although the Company has assessed the mineral resource estimates presented herein and believes that the methods used to estimate such mineral resources are appropriate, such figures are estimates. As well, estimates of mineral resources are inherently imprecise and depend to some extent on statistical inferences drawn from limited drilling, which may prove unreliable. Furthermore, no assurances can be given that the indicated level of recovery of minerals will be realized. Fluctuations in the market prices of minerals may render deposits containing relatively lower grades of mineralization uneconomic. Moreover, short-term operating factors relating to mineral resources, such as the need for orderly development of the deposits or the processing of new or different grades, may cause mining operations to be unprofitable in any particular period. Material changes in mineralized material, grades or recovery rates may affect the economic viability of projects. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Due to the uncertainty of measured, indicated or inferred mineral resources, these mineral resources may never be upgraded to proven and probable mineral reserves.

Development of Zaruma Gold Project
The Company is in the process of developing the Zaruma Gold Project, and is subject to all the risks inherent in building and operating an underground mine, including capital cost overruns, decreased profitability through changes in metal prices and operating costs, uncertainty inherent in mineral resources estimates, environmental, health and safety risks, title to properties being challenged or eroded through government action, additional onerous taxation and regulation, uninsured or uninsurable hazards, and mining risks such as accidents, unexpected rock conditions and formations, earthquakes, cave-ins, flooding, abnormal weather and rock bursts, all of which may result in damage to production assets and equipment, in bodily injury to employees and others, and may expose the Company to legal action.

Surface Rights and Access
Although the Company acquires the rights to some or all of the minerals in the ground subject to the tenures that it acquires, or has a right to acquire, 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 mining laws usually provide for rights of access to the surface for the purpose of carrying on mining activities; however, the enforcement of such rights can be costly and time consuming.

In areas where there are no existing surface rights holders, this does not usually cause a problem, as there are no impediments to surface access. However, in areas where there are local populations or land owners, it is necessary, as a practical matter, to negotiate surface access. There can be no guarantee that, despite having the legal right to access the surface and carry on mining activities, the Company will be able to negotiate a satisfactory agreement with any such existing landowners/occupiers for such access, and therefore it may be unable to carry out mining 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 jurisdiction.

Illegal Mining Risk

Illegal mining is widespread in Ecuador. Illegal miners have and may continue to trespass on our properties and engage in very dangerous practices, including climbing inside caves and old exploration shafts without any safety devices. We are unable to continuously monitor the full extent of our exploration and operating properties. The presence of illegal miners could also lead to project delays and disputes regarding the development or operation of our precious metals' deposits, including disputes with Ecuadorian governmental authorities. Although we have and will continue to take all necessary and available steps to remove such miners and cease their illegal activities, there is no assurance that such steps will be successful and the illegal activities of these miners could cause environmental damage or other damage to our properties or personal injury or death, for which we could potentially be held responsible, all of which could have an adverse impact on our future results of operations and financial condition.

Security Risk

Civil disturbances and criminal activities in Ecuador such as trespass, illegal mining, sabotage, looting, theft or robbery and vandalism have caused disruptions at certain of the Company's projects, and may occasionally result in the suspension of operations, the inability to access the Company's operations and/or damage to facilities. The Company is unable to predict duration of such suspension or inaccessibility that may result from such activities, which could continue for an extended period of time. Although the Company has taken security measures to protect their employees, property and production facilities from these risks, incidents of criminal activity, trespass, illegal mining, theft and vandalism may occasionally lead to conflict with security personnel and/or police, which in some cases could result in injuries and/or fatalities. The measures that have been implemented by the Company will not guarantee that such incidents will not continue to occur, and such incidents and the potential lack of police involvement may halt or delay production, increase operating costs, result in harm to employees or trespassers, decrease operational efficiency, increase community tensions or result in criminal and/or civil liability for the Company or its employees and/or financial damages or penalties.

The manner in which the Company's personnel respond to civil disturbances and criminal activities can give rise to additional risks where those responses are not conducted in a manner that is consistent with international standards relating to the use of force. Although the Company does not seek to apply force against criminal activities conducted on its properties, certain incidents may arise that may result in harm to employees or community members, increase community tension, reputational harm to the Company or result in criminal and/or civil liability for the Company or its employees and/or financial damages or penalties.

It is not possible to determine with certainty the future costs that the Company may incur in dealing with the issues described above at its operations; however, if the number of incidents increases, costs associated with security, in the case of civil disturbances and illegal mining, may also increase, affecting profitability. In addition, illegal mining, looting, theft, sabotage or other criminal activities may result in a loss of mineral resources, inability to mine mineral resources or make certain mineral resources uneconomical to mine, which may have the effect of reducing the Company's mineral resources estimates.

The Company purchases certain insurance in case of an event of theft. However, the Company's security and deterrent plans cannot guarantee that theft will be prevented, and the Company cannot guarantee recovering 100% of the insurance proceeds in the event of a robbery. Particularly, the Company may not be able to recover theft occurring at its mine sites or succeed in apprehending and prosecuting those responsible.

Force Majeure and Natural Events
The occurrence of a significant event which disrupts the production of gold and silver at our properties and the subsequent sale thereof for an extended period, could have a material negative impact on our business, financial condition and results of operations. For example, in 2012, we experienced flooding at our Zaruma Gold Project that impacted our ability to access higher grade material and therefore resulted in a decrease in production of gold and silver. Similarly, the mining industry is subject to other natural events including fires, adverse weather conditions, earthquakes and other similar events that are unforeseeable, irresistible and beyond our control. The occurrence of any one of these events could have a material adverse effect on our business and financial condition.

Earnings and Dividend Record
The Company has no earnings, has not paid dividends on its common shares, and does not anticipate doing so in the foreseeable future. The Company does not currently generate significant cash flow from operations and does not expect to do so in the foreseeable future.

Foreign Currency Risk
The Company's corporate head office is in Vancouver, Canada and the Company has historically raised all of its funds in Canadian dollars and maintains a portion of its funds in Canadian dollars. The majority of the Company's operations are in Ecuador where the currency is the US dollar. Any significant fluctuations in the value of the Canadian dollar compared to the US dollar exposes the Company to significant currency risk.

Uninsured or Uninsurable Risks
The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions and hazards, industrial accidents, labour disputes, adverse property ownership claims, unusual or unexpected geological conditions, ground, slope or pit wall failures, rock bursts, cave-ins, fires, changes in the regulatory environment, political and social instability, and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to, or destruction of, mineral properties or production facilities, personal injury or death, environmental damage to the Company's properties or the properties of others, delays in mining, monetary losses and legal liability.

The Company does not currently maintain insurance for many of its assets, including the processing plant at the Zaruma Gold Project. This is due to the relatively high premium costs coupled with poor availability of coverage and wide-ranging exclusions. Insurance against risks such as loss of title to mineral properties, environmental pollution, or other hazards as a result of exploration and production which are generally not available to the Company or to other companies in the mining industry on acceptable terms, will be evaluated on a periodic basis for change in availability and cost. Should the Company become subject to liability for pollution or other hazards or should an event occur that is not fully covered, or covered at all, by insurance, it could have a material adverse effect on the Company's financial conditions, results of operations and cash flows.

Limited Operating History
The Company has a limited operating history. There is no assurance that it will be able to achieve or maintain profitable operations.

Environmental and other Regulatory Risk
The Company's activities 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, 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 and development 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.

Although the Company believes that it is in compliance with all material laws and regulations that currently apply to its activities, 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 causing 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 and production companies, including transitory requirements in the adopting the new Ecuadorian mining law, 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.

Economic Risk
The commercial viability of any mineral deposit depends on many factors, such as its size, grade and proximity to infrastructure. Government regulation, taxes, royalties, land tenure, land use, environmental protection and reclamation and closure obligations all also affect the economic viability of a particular mineral deposit.

Litigation Risk
The Company is subject to litigation and legal proceedings arising in the normal course of business and may be involved in disputes with other parties in the future which may result in litigation. The causes of potential future litigation cannot be known and may arise from, among other things, business activities and environmental laws. The risk of such litigation is, in part, a consequence of doing business under the current political and juridical climate in Ecuador. The results of litigation cannot be predicted with certainty. If the Company is unable to resolve these disputes favourably, they may result in a material adverse impact on the Company's financial condition, cash flows and results of operations.

In the event of a dispute involving the foreign operations of the Company, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Canada.

Potential Defects in Title to Properties
The Company has investigated its rights to explore and exploit its properties and, to the best of our knowledge, and except as otherwise disclosed herein, those rights are in good standing. However, no assurance can be given that such rights will not be revoked, or significantly altered, to the Company's detriment. The ownership and validity of mining claims and concessions are often uncertain and may be contested. Certain of our properties are subject to various royalty and land payment agreements. Failure by us to meet our payment obligations under these agreements could result in the loss of related property interests. Certain of our properties may be subject to the rights or asserted rights of various community stakeholders including a process for public consultation. The presence of community stakeholders may also impact on our ability to develop or operate our mining properties.

Conflicts of Interest
Certain of the Company's directors and officers hold positions in, or are otherwise affiliated with, other natural resource companies that acquire interests in mineral properties. Such associations may give rise to conflicts of interest from time to time.
The Company's directors are required by law to act honestly and in good faith with a view to the Company's best interest and to disclose any interest that they may have in any of the Company's projects or opportunities. In general, if a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest

and abstain from voting on such matter, or, if he does vote, his vote will not be counted. In determining whether or not the Company will participate in any project or opportunity, the board of directors will consider primarily the merit and cost of the opportunity, the degree of risk to which the Company may be exposed, and its financial position at that time.

Fluctuating Prices
Our future revenues, if any, are expected to be in large part derived from the extraction and sale of precious and base metals such as gold, and to a lesser extent, silver and copper. The prices of those commodities have fluctuated widely in recent years and are affected by many factors beyond the Company's control, including international economic and political trends, expectations of inflation or deflation, currency exchange rates, interest rates, patterns of global or regional consumption, speculative activities and increased commodity production, due to factors including new or improved extraction or production methods. Future price declines may cause continued development of and commercial production from the Company's properties to be uneconomic. Further production from our mining properties is dependent on precious metal prices that are adequate to make these properties economically viable.

Further, the Company is dependant on various commodities (such as fuel, electricity, steel and concrete) and equipment to conduct its mining operations and development projects. The shortage of such commodities, equipment and parts or a significant increase of their cost could have a material adverse effect on the Company's ability to carry out its operations and therefore limit, or increase the cost of, production. Market prices of commodities can be subject to volatile price movements which can be material, occur over short periods of time and are affected by factors that are beyond our control. If the costs of certain commodities consumed or otherwise used in connection with our operations and development projects were to increase significantly, and remain at such levels for a substantial period of time, we may determine that it is not economically feasible to continue commercial production at some or all of our operations or the development of some or all of our current projects, which could have an adverse impact on our financial performance and results of operations.

Operating Hazards and Risks
Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of mineral resources, any of which could result in work stoppages, damage to property, and possible environmental damage. The Company currently does not maintain any insurance coverage against operating hazards. We may become subject to liability for pollution, cave-ins, or hazards against which we cannot insure or against which we may elect not to insure. The payment of such liabilities may have a material adverse effect on the Company's financial position.

Current Global Financial Condition
Market events and conditions, including the disruptions in the international credit markets and other financial systems, in Japan and Europe, along with political instability in the Middle East and Russia and falling oil and currency prices expressed in United States dollars have resulted in commodity prices remaining volatile. These conditions have also caused a loss of confidence in global credit markets, resulting in the collapse of, and government intervention in, major banks, financial institutions and insurers and creating a climate of greater volatility, tighter regulations, less liquidity, widening credit spreads, less price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks and investment banks, insurers and other financial institutions caused the broader credit markets to be volatile and interest rates to remain at historical lows. These events are illustrative of the effect that events beyond our control may have on commodity prices, demand for metals, including gold, silver and copper, availability of credit, investor confidence, and general financial market liquidity, all of which may affect the Company's business.

Corruption and Bribery Risk
The Company's operations are governed by, and involve interactions with, many levels of government in numerous countries. The Company is required to comply with anti-corruption and anti-bribery laws in which the Company conducts its business. In recent years, there has been a general increase in both the frequency of enforcement and the severity of penalties under such laws, resulting in greater scrutiny and punishment to companies convicted of violating anti-corruption and anti-bribery laws. Furthermore, a company may be found liable for violations by not only its

employees, but also by its contractors and third party agents. Although the Company has adopted a risk-based approach to mitigate such risks, including internal monitoring, reviews and audits to ensure compliance with such laws, such measures are not always effective in ensuring that the Company, its employees, contractors or third party agents will comply strictly with such laws. If the Company finds itself subject to an enforcement action or is found to be in violation of such laws, this may result in significant penalties, fines and/or sanctions imposed on the Company resulting in a material adverse effect on the Company's reputation and results of its operations.

Information Systems Security Threats
The Company's operations depend, in part, on how well the Company and its suppliers protect networks, equipment, information technology (IT) systems and software against damage from several threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, terrorism, fire, power loss, hacking, computer viruses, vandalism and theft. The Company's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Company's reputation and results of operations.

Although to date the Company has not experienced any material losses relating to cyber attacks or other information security breaches, there can be no assurance that the Company will not incur such losses in the future. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access remain a priority. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Dependence on Key Personnel
The Company's development to date has largely depended on, and in the future will continue to depend on, the efforts of key management, project management and operations personnel. Loss of any of these people could have a material adverse effect on the Company and its business. The Company has not generally obtained and does not intend to obtain key-person insurance in respect of directors or other of its employees, with the exception of some individuals for which there is limited coverage.

Competition
The resource industry is intensely competitive in all its phases, and the Company competes with many companies possessing greater financial resources and technical facilities. Competition could adversely affect the Company's ability to acquire suitable producing properties or prospects for exploration in the future. Accordingly, there can be no assurance that the Company will acquire any interest in additional operations that would yield reserves or result in commercial mining operations.

Volatility of Market Price
The market price of our common shares may fluctuate widely for a wide variety of reasons, including those risks described above and the failure of our operating performance in any particular quarter to meet analysts' expectations, quarterly and annual variations in our competitors' results from operations, developments in our industry or in the market, generally and general economic, political and market conditions.

OTHER MD&A REQUIREMENTS

Core Gold Inc’s business of exploring, developing and mining mineral resources involves a variety of operational, financial and regulatory risks that are typical in the natural resource industry. The Company attempts to mitigate these risks and minimize their effect on its financial performance, but there is no guarantee that the Company will be profitable in the future, and any investment in the Company’s common shares should be considered speculative.

Additional information relating to the Company, including the AIF is available on the SEDAR website at www.sedar.com and on the Company’s website at www.Coregoldinc.com

The Board of Directors of Core Gold Inc has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it from the Company.

Management's Report on Disclosure controls and procedures and Internal Control Over Financial Reporting
Management of the Company, under the supervision of the President and Chief Executive Officer and the Chief Financial Officer, is responsible for the design and operations of internal controls over financial reporting. There have been no changes in the Company's disclosure controls and procedures during the year ended December 31, 2018.

The Company's management is responsible for establishing and maintaining adequate internal controls over financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

There have been no changes in the Company's internal control over financial reporting during the year ended December 31, 2018 that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

Limitations of Controls and Procedures:

The Company's management, including the Chief Executive Officer and Chief Financial Officer, believe that any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

Non-IFRS Financial Measures

Cash Costs
The Company's MD&A often refers to cash costs per ounce, a non-IFRS performance measure in order to provide investors with information about the measure used by management to monitor performance. This information is used to assess how well the producing gold mine is performing compared to plan and prior periods, and also to assess the overall effectiveness and efficiency of gold mining operations. "Cash cost" figures are calculated in accordance with a standard developed by The Gold Institute, which was a worldwide association of suppliers of gold and gold products and included leading North American gold producers. The Gold Institute ceased operations in 2002, but the standard is still an accepted standard of reporting cash costs of gold production in North America. Adoption of the standard is voluntary, and the cost measures presented herein may not be comparable to other similarly titled measures of other companies. Costs include mine site operating costs such as mining, processing, administration, royalties and production taxes, but are exclusive of amortization, reclamation, capital, exploration and development costs. These costs are then divided by ounces of gold sold to arrive at the total cash costs per ounce of gold sold. The measure, along with sales, is considered to be a key indicator of a company's ability to generate operating earnings and cash flow from its mining operations.

These gold cash costs differ from measures determined in accordance with IFRS. They are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These measures are not necessarily indicative of net earnings or cash flow from operations as determined under IFRS.

Operating statistics	December 31, 2018
Total cost of goods sold (‘000)	22,842
Add (subtract)	
Inventory adjustment (‘000)	(164)
Total cash cost of production (‘000)	22,678
Gold ounces produced	21,748
Total cash cost of production per ounce	**1,043**
All-in sustaining cost of production per ounce	**1,043**
Add (subtract)	
Corporate administration (‘000)*	6,432
Total all-in cost (‘000)	29,110
Gold ounces – produced	21,748
All-in cost (per ounce)	1,339

*Corporate administration excludes non cash items such as corporate depreciation and share based compensation.

CAUTIONARY STATEMENT

Forward-looking Information

This MD&A contains statements which are, or may be deemed to be, “forward-looking information” which are prospective in nature. Often, but not always, forward-looking information can be identified by the use of forward-looking words such as "plans", "expects" or "does not expect", "is expected", "scheduled", "estimates", "forecasts", "projects", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Such information in this MD&A includes, without limitation, statements regarding the Company’s future plans and expectations relating to the Dynasty Goldfield Project development and mineral extraction, Zaruma mine development and mineral extraction, the impact of the labour stoppage at the Dynasty Goldfield and Zaruma mine, the development of certain concessions at the Dynasty Goldfield Project and the sale of the Company’s two non-resource mining concessions and the use of the proceeds derived therefrom. Forward-looking information is not based on historical facts, but rather on then current expectations, beliefs, assumptions, estimates and forecasts about the business and the industry and markets in which the Company operates, including assumptions relating to the Company’s ability to continue production at the Dynasty Goldfield Project and the Zaruma mine, that the Company will be able to continue its progress as currently planned and will not have to make additional changes to the mine plan, that the agreement with Green Oil will result in the extraction of sufficient tonnage from the Dynasty Goldfield Project, that the Company will continue to sell processed gold and silver at levels that allow it to fund the continued development of its mining projects and sustain its operations, that the Company will have access to capital if required, that all necessary approvals and arrangements will be obtained, renewed and/or finalized in a satisfactory manner in order to continue developing the Company’s projects, and that the Company’s equipment will operate at expected levels. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the Company’s actual results, revenues, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Important risks that could cause the Company's actual results, revenues, performance or achievements to differ materially from the Company's expectations include, among other things: (i) risks related to the abilityof the Company to obtain contract miners, if required, (ii) risks related to the uncertainty of the Company's ability to successfully negotiate the deferral of taxation amounts owned the Ecuadorean government,(iii) that the Company will be able to generate sufficient cash flow to continue as a going concern, (iv) risks related to prior mining activity at its mines and declines, (v) uncertainties relating to mineral resource estimates (vi) risks related to availability of capital on satisfactory terms, (vii) risks related to the Company's lack of history in producing metals from the Company's mineral exploration properties and its ability to successfully establish mining operations or profitably produce precious metals; (viii) changes in the market prices of gold, silver, and other minerals, which, in the past, have fluctuated widely and which could affect the profitability of the Company's operations and financial condition; (ix) risks related to governmental regulations, including taxation statutes; (x) risks related to the Company's primary properties being located in Ecuador, including political, economic, and regulatory instability and other risks found in the Company's Annual Information Form for the year ended December 31, 2016 which is available on SEDAR at www.sedar.com. Other than in accordance with its legal or regulatory obligations, the Company is not under any obligation and the Company expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

U.S. Investors Concerning Estimates of Mineral Resources and Mineral Reserve

As a reporting issuer in Canada, the Company is required by Canadian law to provide disclosure respecting its mineral interests in accordance with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101"). Accordingly, readers are cautioned that the information contained in this MD&A may not be comparable to similar information made public by United States companies under the United States federal securities laws and the rules and regulations thereunder. The Company does not report to the United States Securities and Exchange Commission and, in particular, the terms "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" as may be used herein are not defined in SEC Industry Guide 7 and are normally not permitted to be used in reports and registration statements filed with the SEC.

Further, the terms "mineral reserve", "proven mineral reserve" and "probable mineral reserve" are Canadian mining terms, the definitions of which differ from the definitions of the SEC.

In addition, United States investors are cautioned that the Company's financial statements do not conform with, nor are they reconciled to, accounting principles generally accepted in the United States.

Scientific and Technical Information

Scientific and technical information relating presented in this MD&A above has been approved by John Bolaños, a qualified person who by reason of education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, fulfills the requirements of a Qualified Person as defined in NI 43-101, and he is Independent of the issuer applying all of the tests in Section 1.5 of NI 43-101CP.

Mr. Bolaños is a member of the Society of Economic Geologists Inc. (USA), a Fellow of the Geological Society of London, an Environmental Consultant, a Qualified Geologist in Ecuador and a member of both the Engineering College of Ecuador and the Ecuadorian Mining Chamber. Mr. Bolaños is currently a consultant for the Company.

All mineral resources have been calculated in accordance with the standards of the Canadian Institute of Mining, Metallurgy and Petroleum. Mineral resources which are not mineral reserves do not have demonstrated economic viability. Information on data verification performed on the mineral properties mentioned in this MD&A that are considered to be material mineral properties to the Company are contained in the current technical reports for those properties, all available under the Company's profile at www.sedar.com.