



## **P2 GOLD INC.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021 and 2020**



## MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") of P2 Gold Inc. ("P2 Gold", "we", "our", "us" or the "Company") provides information about our performance, financial condition and future prospects.

This MD&A should be read in conjunction with the condensed consolidated interim financial statements for the three and six months ended June 30, 2021 and 2020 as publicly filed in Canada on the System for Electronic Document Analysis and Retrieval ("SEDAR") website and on our website at [www.p2gold.com](http://www.p2gold.com).

The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting* using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Our significant accounting policies applied in the condensed consolidated interim financial statements are the same as those disclosed in note 3 of our annual consolidated financial statements as at and for the years ended December 31, 2020 and 2019.

The functional currency of the parent company, P2 Gold, is the Canadian dollar ("\$" or "CAD") and the functional currency of each of the Company's subsidiaries is the United States dollar ("USD" or "US\$"). The presentation currency of the condensed consolidated interim financial statements is CAD. All dollar amounts in this MD&A are expressed in CAD, unless otherwise noted or the context otherwise provides. The following abbreviations are used in this MD&A: m (meters); km (kilometers); mi (miles); ft (feet); Au (gold); AuEq (gold equivalents); Cu (copper); t (tonnes); Mt (million tonnes); ppm (parts per million); ppb (parts per billion); g/t (gram per tonne); oz (ounces); koz (thousand ounces) and Moz (million ounces).

This MD&A is prepared as of August 18, 2021 and includes certain statements that may be deemed "forward-looking information", "forward-looking statements", "future-oriented financial information" and "financial outlook". We direct readers to the section "*Statement Regarding Forward-Looking Information*" included within this MD&A.

Additional information relating to the Company, including our Annual Information Form ("AIF"), dated August 9, 2021, is available on the SEDAR website at [www.sedar.com](http://www.sedar.com).

## OUR BUSINESS

The Company was incorporated on November 10, 2017 under the laws of the *Canada Business Corporations Act* under the name Central Timmins Exploration Corp. Effective August 31, 2020, the Company continued under the *Business Corporations Act (British Columbia)* and changed its name to P2 Gold Inc., and in connection therewith, the Company adopted new constating documents comprising Notice of Articles and Articles of the Company, which are available under the Company's profile at [www.sedar.com](http://www.sedar.com).

The Company's common shares are traded on the TSX Venture Exchange ("Exchange") under the symbol "PGLD". The address of the Company's corporate head office is Suite 1100 – 355 Burrard Street, Vancouver, British Columbia ("BC"), Canada, V6C 2G8.



The Company is a mineral exploration company engaged in the acquisition, exploration and development of mineral resource properties primarily in BC, Canada and the western United States of America (“USA”). Currently, the Company is focused on acquiring ownership rights to these properties and financing exploration programs to identify potential mineral reserves.

The Company owns the Gabbs Project located on the Walker-Lane Trend in the Fairplay Mining District of Nye County, Nevada. In addition, the Company holds interest in four properties located in northwest BC, the BAM Property, the Silver Reef Property, the Todd Creek Property and the Natlan Property, and two properties located in southeast Oregon, the Stockade Property and the Lost Cabin Property.

The Company does not hold any interests in producing mineral deposits. The Company has no production or other material revenue. There is no operating history upon which investors may rely. Commercial development of any kind will only occur in the event that sufficient quantities of mineral resources containing economic concentrations of minerals are discovered. If, in the future, a discovery is made, substantial financial resources will be required to establish mineral resources and/or mineral reserves. Additional substantial financial resources will be required to develop mining and processing facilities for any mineral resources and/or mineral reserves that may be discovered. If the Company is unable to finance the establishment of mineral reserves or the development of mining and processing facilities it may be required to sell all or a portion of its interest in such property to one or more parties capable of financing such development.

## 2<sup>nd</sup> QUARTER HIGHLIGHTS AND SIGNIFICANT EVENTS

- On May 4, 2021, the Company and Borealis Mining Company, LLC (“Borealis”), an indirect, wholly owned subsidiary of Waterton Precious Metals Fund II Cayman, LP (“Waterton”) agreed to amend the terms of the asset purchase agreement (“Amended Agreement”) to acquire all the assets that comprise the Gabbs Project located on the Walker-Lane Trend in the Fairplay Mining District of Nye County, Nevada. Under the Amended Agreement, the Company agreed to pay \$1,216,600 (US\$1,000,000) and issued 15,000,000 common shares (\$7,500,000 in fair value) in its capital to Waterton at closing of the transaction. In addition, the Company is required to pay Waterton Nevada Splitter LLC, an affiliate of Borealis, (a) US\$4,000,000 on the twelve-month anniversary of closing and (b) US\$5,000,000 on the earlier of the announcement of results of a Preliminary Economic Assessment (“PEA”) and the 24-month anniversary of closing. On closing, Borealis has reserved for itself a 2% net smelter returns royalty on production from the Gabbs Project, of which one percent may be repurchased at any time by the Company for US\$1,500,000 and the remaining one percent of which may be repurchased for US\$5,000,000.
- On May 17, 2021, the Company announced the closing of the acquisition of the Gabbs Project.
- On May 17, 2021, the Company also announced the completion of a private placement of 11,898,060 units at a price of \$0.50 per unit for gross proceeds of \$5,949,030. Each unit consisted of one common share in the capital of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share in the capital of the Company at an exercise price of \$0.85 per common share for a period of two years from the date of issue. If after four months from the date of issue, the closing price



of the common shares of the Company on the Exchange is equal to or greater than \$1.50 for a period of 10 consecutive trading days at any time prior to the expiry date, the Company will have the right to accelerate the expiry date of the warrants. The proceeds of the private placement will be used to fund the acquisition of the Gabbs Project, complete a phase one exploration program of approximately \$2,500,000 on the Gabbs Project and for general corporate purposes.

- On May 18, 2021, Tom Yip was appointed as a director of the Company.
- On May 20, 2021, the Company announced the grant of share options to certain directors, officers, employees and consultants of the Company to purchase an aggregate of 1,745,000 common shares in the capital of the Company at an exercise price of \$0.51 per share which expire on May 19, 2023.
- On June 4, 2021, the Company completed a non-brokered private placement of 2,917,170 flow-through units at a price of \$0.60 per unit for gross proceeds of \$1,750,302. Each unit consisted of one flow-through common share in the capital of the Company and one non-flow through common share purchase warrant. Each warrant entitles the holder to purchase one additional non-flow through common share in the capital of the Company at an exercise price of \$0.85 per common share for a period of two years from the date of issue. If after four months from the date of issue, the closing price of the common shares of the Company on the Exchange is equal to or greater than \$1.50 for a period of 10 consecutive trading days at any time prior to the expiry date, the Company will have the right to accelerate the expiry date of the warrants. The proceeds of the flow-through share private placement will be used to fund exploration expenditures on qualifying properties including the Silver Reef Property, the BAM Property and the Todd Creek Property.
- On June 8, 2021, the Company announced it had initiated a metallurgical program for the Gabbs Project and plans to undertake a phase one drilling program in the third quarter of 2021.
- On June 15, 2021, Grant Bond was appointed as Chief Financial Officer and Tom Yip resigned as Chief Financial Officer.
- Subsequent to June 30, 2021, on July 7, 2021, the Company announced that the Bureau of Land Management (“BLM”) reviewed the Company's Notice to Conduct Exploration Activities on the Sullivan and Car Body Zones at the Gabbs Project and determined it to be complete and that the Company had posted the required reclamation bond and was now in a position to commence drilling at the Sullivan and Car Body Zones. The Company also announced that it had filed a separate Notice to Conduct Exploration Activities with the BLM for the Lucky Strike Zone and the northwest part of the Gabbs Project and that Fred Brown, M.Sc. (Eng), RM-SME, P.Geo., had been appointed Exploration Manager for the Gabbs Project as well as for the Company's properties in Oregon.



- Subsequent to June 30, 2021, on July 12, 2021, the Company executed an option agreement with an arm's length private vendor to acquire up to a 100% interest in the Natlan Property located in northwest BC. Refer to the "BC Project Details – Description and Acquisition Status" section of this MD&A for further details of the option agreement.
- Subsequent to June 30, 2021, on July 20, 2021, the Company announced that drilling commenced at its Gabbs Project. The phase one drill program consists of approximately 1,800 meters of diamond core drilling and approximately 8,000 meters of reverse circulation ("RC") drilling. The diamond core drilling is expected to consist of six exploration holes totalling approximately 1,500 meters and two metallurgical holes totalling approximately 300 meters to collect samples from the oxide and transitional ore zones.
- Subsequent to June 30, 2021, on August 4, 2021, the Company reported the completion of the phase one metallurgical program for the Gabbs Project. The phase one metallurgical program included testing for the potential recoveries of copper and gold from oxide mineralization by sequential leach using heap leach or conventional milling. The test work showed that gold and copper can be recovered by both process options, with extractions averaging 97.2% for gold and 95.2% for copper when the sample is ground to 100 microns.

## NOVEL CORONAVIRUS ("COVID-19") PANDEMIC

The Company's business, operations and financial condition, and the market price of its common shares, could be materially and adversely affected by the outbreak of global epidemics or pandemics or other health crises, including the outbreak of COVID-19. To date, there have been a large number of temporary business closures, quarantines and a general reduction in consumer activity in a number of countries including Canada and the USA. The outbreak has caused companies and various international jurisdictions to impose travel, gathering and other public health restrictions. While these effects are expected to be temporary, the duration of the various disruptions to businesses locally and internationally and the related financial impact cannot be reasonably estimated at this time. Similarly, the Company cannot estimate whether, or to what extent, this outbreak and the potential financial impact may extend to countries outside of those currently impacted. Such public health crises can result in volatility and disruptions in the supply and demand for metals and minerals, global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect commodity prices, interest rates, credit ratings, credit risk, share prices and inflation.

The risks to the Company of such public health crises also include risks to employee health and safety, a slowdown or temporary suspension of operations in geographic locations impacted by an outbreak, increased labour and fuel costs, limitations or restrictions on the availability of consumables required to carry out the Company's operations, regulatory changes, political or economic instabilities or civil unrest. At this point, the extent to which COVID-19 will or may impact the Company is uncertain and these factors are beyond the Company's control; however, it is possible that COVID-19 and its related impacts may impact the Company's ability to service any contractual commitments it may have in the short term, and over a longer term may have a material adverse effect on the Company's business, results of operations and financial condition and the market price of the Common Shares. The Company has been following federal, provincial/state and local health guidelines to minimize the risk of COVID-19.



## ACQUISITION OF THE GABBS PROJECT

As noted above in the “2<sup>nd</sup> Quarter Highlights and Significant Events” section of this MD&A, the Company acquired the Gabbs Project from Waterton. The terms of the asset purchase agreement have been disclosed above.

The following disclosure related to the Gabbs Project is based on information derived from the National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* (“NI 43-101”) Technical Report entitled “Updated Mineral Resource Estimate of the Gabbs Gold-Copper Property Fairplay Mining District, Nye County, Nevada, USA” dated effective January 13, 2021 prepared by P&E Mining Consultants Inc (“P&E”). The full technical report was filed on March 11, 2021 in Canada under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com) and includes additional assumptions, qualifications, references, reliances and procedures which are not fully described herein.

### **Description, location and access**

#### *Property location*

The Gabbs Project is located in the Fairplay Mining District, about 9 km (5.6 mi) south-southwest of the town of Gabbs, Nye County, Nevada. The Sullivan Deposit near the center of the Gabb Project, is located at UTM WGS84 Zone 11N 417,582 m east, 4,292,950 m north. The Gabbs Project is located on the Walker Lane mineralization trend, on the southwest flank of the Paradise Range, and is adjacent to the past-producing Paradise Peak Gold Deposit.

The Gabbs Project is road accessible via Highway 361, southwest from Gabbs to Pole Line Road, then 3.5 km (2.2 mi) south to the centre of the Gabbs Project.

The Gabbs Project is situated in an area of dry rolling hills bounded on the west by the Gabbs Valley and on the east by the northeast trending Paradise Range. Surface elevations for the Gabbs Project area range from 1,395 m (4,578 ft) on the northwest corner of the claim block, to 1,770 m (5,800 ft) on the southeast edge of the Gabbs Project. Vegetation is sparse, with light coverage by various grasses and low shrubs.

#### *Property description and mineral concession status*

At closing, on May 17, 2021, the Gabbs Project consisted of 355 federal unpatented lode claims and 1 patented lode claim which constituted a 28 km<sup>2</sup> (10.8 mi<sup>2</sup>) contiguous claim block. In July 2021, the Company staked an additional 66 federal unpatented lode claims adjoining the southwest border of the existing Gabbs Project claims. The Gabbs Project now comprises an approximately 33.2 km<sup>2</sup> (12.8 mi<sup>2</sup>) contiguous claim block. Federal law requires the payment of an annual maintenance fee that is currently US\$165 per unpatented lode claim to BLM. The aggregate annual fee for the Gabbs Project is due September 1<sup>st</sup> of each year for the subsequent assessment year. The patented claim requires payment of an annual tax assessment that is currently US\$50.26 per year. The claims do not expire as long as the annual fees are remitted to the respective agencies.



### *Permits*

Approval from the BLM is required before exploration work is conducted. The BLM oversees and approves how much of the surface can be disturbed for exploration purposes and manages reclamation bonding.

Subsequent to the filing of the Gabbs Project Technical Report, the Company filed a Notice to Conduct Exploration Activities on the Sullivan and Car Body Zones at the Gabbs Project with the BLM. The BLM reviewed the Company's Notice to Conduct Exploration Activities on the Sullivan and Car Body Zones at the Gabbs Project and determined it to be complete, and the Company posted the required reclamation bond. The Company also filed a separate Notice to Conduct Exploration Activities with the BLM for the Lucky Strike Zone and the northwest part of the Gabbs Project. The BLM reviewed the Company's Notice to Conduct Exploration Activities on the Lucky Strike Zone and the northwest part of the Gabbs Project and determined it to be complete, and the Company posted the required reclamation bond.

### *Royalties and encumbrances*

Waterton reserved a 2% net smelter returns royalty on production from the Gabbs Project of which 1% may be repurchased at any time by the Company for US\$1,500,000 and the remaining 1% of which may be repurchased at any time by Company for US\$5,000,000.

### *Environmental liabilities*

There are no environmental liabilities associated with the Gabbs Project, and there are no other known risks that would affect access, title, or the right or ability to perform work on the property.

### **History**

The Gabbs Project has been intermittently explored by various operators since the 1970's. The property has over 500 holes drilled, of which approximately half targeted the Sullivan porphyry gold-copper deposit.

Recent exploration was performed by Newcrest Resources Inc. ("Newcrest") from 2002 to 2008 and consisted of geochemical and geophysical surveying. In conjunction with the surface exploration, Newcrest also conducted drilling programs. This work was followed by St. Vincent Minerals US Inc. ("St. Vincent") who completed an RC drilling program in 2011.

Newcrest completed drilling programs between 2004 and 2008 comprising 87 RC and core holes for a total of 24,765 m (81,250 ft). In March-April of 2011, St. Vincent completed a 2,400 m (7,875 ft) drilling program consisting of 10 RC holes.

### **Geological setting, mineralization and deposit types**

The Gabbs Project is underlain by a sequence of Triassic intermediate volcanic rocks and shallow marine sediments that are intruded by a large gabbroic igneous complex comprised of dark green massive equigranular gabbro, melagabbro, pyroxenite, and peridotite.



Mineralization and hydrothermal alteration at the Gabbs Project occurs in two principal styles:

- Porphyry gold-copper-molybdenum with associated potassic, phyllic and propylitic alteration, and;
- Volcanic-hosted gold-mineralized hydrothermal breccias with associated phyllic and argillic alteration.

There are currently four separate mineralized areas found on the Gabbs Project: the Sullivan, Lucky Strike, and Gold Ledge zones are considered to be gold-copper porphyry deposits. The Car Body is considered to be an epithermal gold deposit. Although it was thought that the Car Body was similar in origin to the Paradise Peak Property, which is adjacent to the Gabbs Project to the south, the Paradise Peak is a high sulphidation epithermal deposit while Car Body is situated in a low-sulphidation epithermal environment.

### **Project exploration**

In June 2021, a gradient induced polarization (“IP”) geophysical survey was completed over the Sullivan Zone to develop a signature profile of the known mineralization and to highlight potential extensions of the mineralization as the zone remains open. A gradient IP geophysical survey is especially well suited for defining near surface mineralization that can be exploited by open pit mining methods. The survey comprised 16-line kms covering an area measuring 1 km by 1.5 km. The survey data is being analysed.

In addition to the ground geophysics, a satellite hyperspectral alteration survey was completed over the Gabbs Project to assist regional mapping and potentially identify sources of known surface mineralization. As expected, both the Sullivan and Lucky Strike areas host a core of sericite alteration surrounded by chlorite/epidotes alteration. The alteration halo at Lucky Strike also has a very strong correlation with one of the elliptical magnetic features providing further evidence that this feature is potentially related to a deep intrusive source for the surface mineralization.

The Company has recently started mapping the geology of the Gabbs Project and prospecting for additional mineral occurrences on the Gabbs Project. No results have been reported from this program as of yet.

### **Project drilling**

The Company commenced the phase one drill program at the Gabbs Project during the third quarter of 2021. The phase one drill program is expected to comprise approximately 1,800 meters of diamond drilling and approximately 8,000 meters of RC drilling focused mainly on the Sullivan Zone, the largest of the four zones identified to date on the Gabbs Project. Gold-copper mineralization in the Sullivan Zone is hosted within what are interpreted to be sills associated with an alkaline gold/copper porphyry. In addition to analytical data, the diamond drilling will provide information to confirm the geological model for the Sullivan zone and drill core for additional metallurgical test work.

Historical drilling at Gabbs was generally less than 100 meters deep, penetrating only the upper half of the interpreted mineralization as the drilling was concentrated on the oxide mineralization. Also, depending on the historical operator and the metal of focus at the time, a significant percentage of



drill hole samples were assayed for either copper or gold but not both metals. At the Sullivan Zone, historical drilling identified a near-surface, higher grade gold-copper layer measuring 30 meters to 50 meters in thickness, and 200 meters long on section. This higher-grade layer was not domained for the 2021 Inferred Mineral Resource. As a result, the phase one drill program is an infill drill program designed to test the full thickness and lateral extent of the mineralization and determine geologic constraints, in order to redefine the existing Gabbs Project Mineral Resource.

### Mineral processing and metallurgical testing

On August 4, 2021, the Company reported the completion of the phase one metallurgical program for the Gabbs Project. The phase one metallurgical program included testing for the potential recoveries of copper and gold from oxide mineralization by sequential leach using heap leach or conventional milling. The test work showed that gold and copper can be recovered by both process options, with extractions averaging 97.2% for gold and 95.2% for copper when the sample is ground to 100 microns.

The phase one metallurgical program focused on the oxide mineralization as the current Inferred Mineral Resource for the Gabbs Project assumes zero recovery of oxide copper mineralization. By confirming that viable options for recovery of copper from the oxide mineralization do exist, the Company believes that oxide copper can be included in future estimates of the Mineral Resource and considered for recovery in the PEA planned for 2022/23. This is potentially significant as approximately 143.3 million pounds of oxide copper are defined, but not included in the Inferred Mineral Resource.

Test	Head Grade		Recoveries		Comments
	Au gpt	Cu %	Au %	Cu %	
Direct analysis	0.88	0.50	-	-	Direct head analysis
½-inch crush	1.16	0.49	66.0	84.5	Bottle roll sequential leach
¼-inch crush	0.87	0.49	70.0	89.2	Bottle roll sequential leach
100-micron grind	1.25	0.45	98.1	99.1	Flotation followed by sequential agitated leach

Test	Head Grade		Recoveries		Comments
	Au gpt	Cu %	Au %	Cu %	
Direct analysis	1.32	0.54	-	-	Direct head analysis
½-inch crush	1.09	0.47	55.9	81.4	Bottle roll sequential leach
¼-inch crush	1.19	0.47	79.0	88.0	Bottle roll sequential leach
100-micron grind	1.28	0.47	96.3	91.2	Flotation followed by sequential agitated leach

A Gabbs Project phase two metallurgical program is being planned using samples from the current drill program. The program is expected to use drill core from two-diamond drill holes to provide samples for bottle roll and column tests of the oxide and transition zones. In addition, assay rejects from the Gabbs Project phase one drill program will be used to provide samples for test work on the sulphide



mineralization. The results of the phase two metallurgical program are expected to be used in the planned PEA.

### Mineral Resource Estimate

P&E prepared an updated Inferred Mineral Resource Estimate based on 494 drill hole records, consisting of 397 “historical” drill holes, 87 drill holes completed by Newcrest and ten RC drill holes completed by St. Vincent. P&E’s pit-constrained Mineral Resource Estimate for the Gabbs Project is reported using a cut-off of 0.24 g/t Au for oxide material, and 0.30 g/t AuEq for sulphide material. The Gabbs Project contains 26.2 Mt of oxide mineralization at an average grade of 0.72 g/t AuEq and 46.9 Mt of sulphide mineralization at an average grade of 0.82 g/t AuEq for a total of 1.84 Moz of AuEq. The effective date of the Mineral Resource Estimate is January 13, 2021.

SUMMARY OF INFERRED MINERAL RESOURCES <sup>(1-8)</sup>							
Deposit	Zone	Tonnes (k)	Au (g/t)	Au (koz)	Cu (ppm)	AuEq (g/t)	AuEq (koz)
Sullivan	Oxide & Sulphide	37,600	0.58	700	2,820	0.75	900
Car Body	Oxide & Sulphide	2,800	1.39	130	10	1.39	130
Gold Ledge	Oxide & Sulphide	100	0.76	0	1,500	0.76	0
Lucky Strike	Oxide & Sulphide	32,600	0.41	430	2,620	0.77	810
<b>Total</b>	<b>Oxide &amp; Sulphide</b>	<b>73,100</b>	<b>0.53</b>	<b>1,260</b>	<b>2,620</b>	<b>0.79</b>	<b>1,840</b>

- (1) Mineral Resources were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions (2014) and Best Practices (2019) prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council.
- (2) The Inferred Mineral Resource in this estimate has a lower level of confidence than that applied to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of the Inferred Mineral Resource could be upgraded to an Indicated Mineral Resource with continued exploration.
- (3) Mineral Resources are reported within a constraining conceptual pit shell.
- (4) Inverse distance weighting of capped composite grades within grade envelopes was used for grade estimation.
- (5) Composite grade capping was implemented prior to grade estimation.
- (6) A bulk density of 2.50 t/m<sup>3</sup> was used for oxide material and 2.70 t/m<sup>3</sup> for sulphide material.
- (7) A copper price of US\$3/lb and a gold price of US\$1,600/oz were used.
- (8) A cut-off grade of 0.24 g/t Au for oxide material, and 0.30 g/t AuEq for sulphide material was used.
- (9) Tables may not sum due to rounding.

### Exploration, development and production

#### Exploration target and potential

Based on historical drilling, the Gabbs Project has an exploration target of 0.90 million to 2.25 million ounces of gold (contained in 40 million to 70 million tonnes at an average grade of 0.7 to 1.0 g/t gold). No exploration target has been estimated for copper. The potential quantity and grade of this exploration target is conceptual in nature. There has been insufficient exploration to define it as a Mineral Resource and it is uncertain if further exploration will result in the target being delineated as a Mineral Resource.



Due to the limited systematic exploration completed to date, the Company believes the full potential of each of the known zones of mineralization at the Gabbs Project has yet to be recognized. The mineralized zones have not been tested along strike or at depth, and of the 494 holes drilled at the Gabbs Project between 1970 and 2011, 180 holes (36%) ended in mineralization. Also, a significant number of holes drilled prior to 2004 were, depending on the focus of the operator, assayed only for gold or only for copper, not both metals.

The Company plans to undertake a systematic exploration program for a large porphyry-related copper-gold system. Initial drilling will focus on the known zones of mineralization to expand and improve the confidence in these Mineral Resources.

Ken McNaughton, M.A.Sc., P.Eng., the Company's Chief Exploration Officer is the qualified person, as defined by NI 43-101, responsible for the Gabbs Project and has reviewed, verified and approved the scientific and technical information.

## **BC PROJECT DETAILS – DESCRIPTION AND ACQUISITION STATUS**

### **BAM Property**

The BAM Property consists of ten mineral tenures that cover an area of over 8,100 hectares, located approximately 150 kilometers northwest of Stewart, British Columbia. Highway 37 and the Northwest Transmission Line are approximately 35 kilometers to the east of the BAM Property, and the Galore Creek Project access road is 1.7 kilometers to the southeast.

A systematic grassroots exploration program of the BAM property was completed in September 2020, which included airborne and ground geophysical programs and a soil geochemical sampling, geologic mapping and prospecting program.

The soil geochemical sampling program defined a sinuous gold anomaly measuring approximately 3.6 kilometers long, originating at the newly-defined Monarch Gold Zone near the north end of the grid and passing through the historical Jan Copper Zone and ending at the historical BAM 10 Gold Zone in the south. The Monarch Gold Zone measures 1,100 meters by 600 meters and covers a hornfelsed calcareous sediment in contact with a granitic batholith. The zone is defined by numerous samples with greater than 25 ppb (0.025 g/t) gold, of which 16 samples assay greater than 500 ppb (0.50 g/t) gold with the highest sample assaying 5,730 ppb (5.73 g/t gold).

The 2020 exploration program at the BAM Property also included airborne magnetic and radiometric surveys, a 15-kilometer IP geophysical survey and geological mapping and prospecting.

The 2021 exploration program at the BAM property was carried out in June-July 2021 and consisted of a geological mapping and prospecting program, ground geophysics and an approximately 1,000-meter diamond drill program. Results from the drill program will be announced on receipt of assays.

Ken McNaughton, M.A.Sc., P.Eng., the Company's Chief Exploration Officer is the qualified person, as defined by NI 43-101, responsible for the BAM Property and has reviewed, verified and approved the scientific and technical information.



### *Acquisition terms*

On July 2, 2020, the Company signed an option agreement with an arm's length private vendor to acquire up to a 100% interest in the BAM property. Under the terms of the option agreement, the Company can acquire up to a 70% interest in the BAM Property over a three-year option period by paying to the vendor the following:

- \$60,000 (paid) and 200,000 common shares (issued) in its capital on the signing of the agreement;
- \$150,000 (paid) and 200,000 (issued) common shares in its capital on the first anniversary of the agreement;
- \$200,000 and 200,000 common shares in its capital on the second anniversary of the agreement; and
- \$550,000 and 800,000 common shares in its capital on the third anniversary of the agreement.

To maintain the option, the Company is also required to incur exploration expenditures of \$150,000 before the first anniversary of the agreement (completed), \$400,000 of cumulative exploration expenditures by the second anniversary of the agreement (completed) and \$750,000 of cumulative exploration expenditures by the third anniversary of the agreement. Following exercise of the option, the Company has the right for a period of 120 days to acquire the remaining 30% interest in the BAM Property, for a 100% total interest, on payment of \$7,500,000 of which up to \$4,000,000 may be paid in common shares of the Company at its election. If the Company elects to not purchase the remaining 30% interest, the Company and the vendor shall form a joint venture, with the Company appointed the operator.

During the first three years of the joint venture, the Company will fund the vendor's participating interest in the joint venture. If the vendor fails to sell its interest in the joint venture during such three-year period, the vendor's interest will convert to a 2% net smelter returns royalty ("NSR"), provided that the Company will have the opportunity to purchase the vendor's interest prior to such conversion for \$7,500,000. Following the conversion of the vendor's interest to the BAM NSR, the Company may purchase 1% of the NSR for \$2,000,000 (inflation adjusted from 2020).

The vendor has also agreed to assign to the Company two claims that form part of the BAM Property for \$40,000 and a 2% NSR, 100% of which can be purchased by the Company for \$1,125,000 prior to commercial production on such claims and 1% of which can be purchased for \$300,000 (inflation adjusted from 2020) after commercial production is achieved on such claims.

### **Silver Reef Property**

The Silver Reef Property covers an area of over 23,000 hectares approximately 85 kilometers north of Hazelton, BC and to the east of the Golden Triangle.

The Company completed the 2020 Silver Reef exploration program in September 2020, which consisted of airborne geophysics, a two-phase drill program and prospecting and mapping. The 2020 Silver Reef Phase One exploration drill program consisted of 10 holes totaling 1,315 meters. Eight of the drill holes targeted the Main Zone, with the remaining two holes targeting the Northwest Zone.



Both zones host silver/gold/lead/zinc mineralization within and on the margins of graphitic shears that are proximal to an altered felsic dyke.

The 2020 Silver Reef Phase Two exploration drill program consisted of four holes totaling 374 meters. Two of the drill holes targeted the Main Zone, with the other two holes targeting the Northwest Zone.

Drilling demonstrated that the Main Zone and Northwest Zone structures are well defined with mineralization typical of silver deposits within the silver belt that runs from Idaho through British Columbia into Yukon. Select drill results include:

- Hole SR-004 (Main Zone) intersected 1.18 g/t gold, 521.0 g/t silver, 0.71% lead and 2.17% zinc over 0.5 meters within a 1.3 meter interval grading 0.93 g/t gold, 245.25 g/t silver, 0.33% lead and 0.98% zinc; and
- Hole SR-011 (Northwest Zone) intersected 0.55 g/t gold, 410.69 g/t silver, 2.38% lead and 3.18% zinc over 1.68 meters within a 7.49 meter interval grading 0.24 g/t gold, 188.5 g/t silver, 0.99% lead and 1.51% zinc.

Prospecting has shown that the Main Zone is now at least four kilometers long, and that the Northwest Zone is a separate, parallel trend that is at least two kilometers long. In addition, prospecting also identified several other showings between these two primary trends suggesting the property hosts a stacked system of multiple zones. This more than doubles the known strike extent of the mineralization, which remains open in all directions.

The 2021 exploration program at the Silver Reef Property consisted of a geological mapping and sampling program and a soil geochemical sampling program.

Ken McNaughton, M.A.Sc., P.Eng., the Company's Chief Exploration Officer is the qualified person, as defined by NI 43-101, responsible for the Silver Reef Property and has reviewed, verified and approved the scientific and technical information.

#### *Acquisition terms*

On June 11, 2020, the Company signed an option agreement with an arm's length private vendor to acquire up to a 100% interest in the Silver Reef Property located in northwest British Columbia. Under the terms of the option agreement, the Company can acquire up to a 70% interest in the Silver Reef Property over a three-year option period by paying to the vendor:

- \$50,000 (paid) and 200,000 shares (issued) in its capital on the signing of the agreement
- \$200,000 (paid) and 200,000 shares (issued) in its capital on the first anniversary of the agreement; and
- \$500,000 and 800,000 shares in its capital on the second anniversary of the agreement.

To maintain the option, the Company is also required to incur exploration expenditures of \$250,000 before the first anniversary of the agreement (completed), \$750,000 of cumulative exploration expenditures by the second anniversary of the agreement (completed) and \$2,000,000 of cumulative exploration expenditures by the third anniversary of the agreement. Following exercise of the option, the Company has the right for a period of 120 days to acquire the remaining 30% interest in the Silver



Reef Property, for a 100% total interest, on payment of \$7,500,000 of which up to \$4,000,000 may be paid in shares of the Company at its election. If the Company elects to not purchase the remaining 30% interest, the Company and the vendor shall form a joint venture, with the Company appointed the operator.

During the first three years of the joint venture, the Company will fund the vendor's participating interest in the joint venture. If the vendor fails to sell its interest in the joint venture during such three-year period, the vendor's interest will convert to a 3% net smelter returns royalty, provided that the Company will have the opportunity to purchase the vendor's interest prior to such conversion for \$7,500,000.

### **Todd Creek Property**

The Todd Creek Property consists of 69 mineral tenures that cover an area of over 32,000 hectares, located approximately 35 kilometers northeast of Stewart, BC and bordering the eastside of Pretium Resources Inc.'s Bowser Claims. Highway 37A connecting Stewart to Highway 37 and the transmission line providing power to Stewart pass through the southern portion of the property.

The western side of the Todd Creek Property covers a 12-kilometer by 3-kilometer corridor of altered lower Jurassic volcanic rocks which host at least four zones of gold-copper mineralization, known as Fall Creek, Ice Creek, Yellow Bowl and South zones. These zones are found in the same stratigraphy that hosts the nearby Brucejack, Snowfield, and Goldstorm deposits. On the eastern side of the property, a zone of VMS mineralization has been discovered in the Iskut River formation, which is the same formation that hosts the Eskay Creek deposit.

In August and September 2020, the Company completed the 2020 Todd Creek drill program, which consisted of three drill holes totaling 1,027 meters. Drill holes 1 and 2, totaling 802 meters targeted the Yellow Bowl Zone, a lenticular sericite-rich gossan measuring one kilometer by three kilometers which hosts numerous structurally-controlled copper and gold showings. Drill hole 3, 225 meters, tested a series of closely-spaced copper/gold showings in a zone located five kilometers southeast of Yellow Bowl.

Drilling demonstrated that mineralization identified on surface is hosted in veins that are well defined and remain open at depth, with copper and gold grades appearing to improve with depth, select results include:

- Hole TC-002 (Yellow Bowl Zone) intersected 1.48% copper, 0.04 g/t gold and 30.62 g/t silver over 1.2 meters within an 8.8-meter interval grading 0.53% copper, 0.01 g/t gold and 10.63 g/t silver; and
- Hole TC-002 (Yellow Bowl Zone) intersected 4.19% copper, 0.19 g/t gold and 4.90 g/t silver over 1.8 meters within a 3.3-meter interval grading 3.03% copper, 0.20 g/t gold and 7.15 g/t silver.

The 2020 exploration program at the Todd Creek Property also included an airborne magnetic and radiometric survey over the northwest portion of the property and a satellite hyperspectral survey.

The 2021 exploration program at the Todd Creek Property consisted of a geologic mapping and sampling program and a magnetotellurics ground geophysics program.



Ken McNaughton, M.A.Sc., P.Eng., the Company's Chief Exploration Officer is the qualified person, as defined by NI 43-101, responsible for the Todd Creek Property and has reviewed, verified and approved the scientific and technical information.

#### *Acquisition terms*

On July 9, 2020, the Company signed an option agreement with ArcWest Exploration Inc., an arm's length TSX Venture Exchange listed company, to acquire up to a 70% interest in the Todd Creek property. Under the terms of the Todd Creek Property option agreement, the Company can acquire (the "First Option") up to a 51% interest in the Todd Creek Property over a five-year option period by paying to ArcWest the following:

- \$100,000 (paid) and 200,000 common shares (issued) in its capital on the signing of the Todd Creek Option Agreement;
- \$150,000 (paid) on the first anniversary of the agreement;
- \$200,000 on the second anniversary of the agreement;
- \$200,000 on the third anniversary of the agreement;
- \$250,000 on the fourth anniversary of the agreement; and
- \$250,000 on the fifth anniversary of the agreement.

To maintain the option, the Company is also required to incur exploration expenditures of \$500,000 before the first anniversary of the agreement (with a minimum of 1,000 meters of drilling) (completed), \$3,000,000 of cumulative exploration expenditures by the second anniversary of the agreement, \$6,500,000 of cumulative exploration expenditures by the third anniversary of the agreement, \$10,000,000 of cumulative exploration expenditures by the fourth anniversary of the agreement and \$15,000,000 of cumulative exploration expenditures by the fifth anniversary of the agreement.

Following exercise of the First Option, the Company has the right for a period of 60 days to acquire (the "Second Option") an additional 19% interest in the Todd Creek Property, for a 70% total interest, by completing a feasibility study within three years of the exercise of the First Option and paying to ArcWest \$250,000 on each anniversary of the exercise of the First Option until the feasibility study is completed. ArcWest has the right, at its election, to receive any payment from the Company as cash, common shares in the Company's capital, or a combination of 50% cash and 50% common shares in the Company's capital. If ArcWest elects to receive any payment in common shares in the Company's capital, the common shares will be priced at the Company's 30-day volume weighted average price.

On exercise of the Second Option (or the First Option, if the Company does not elect to increase its interest by an additional 19%), the Company and ArcWest will form a joint venture, with the Company appointed the operator. Until commercial production is achieved on the Todd Creek Property, the Company will fund the first \$100,000 of joint venture expenditures. If either party's joint venture interest is diluted to less than 10%, its joint venture interest will convert to a 2% net smelter returns royalty, one percent of which may be purchased by the other party for \$5,000,000 at any time. If decision is made by the joint venture to place the property into production, the Company will arrange project financing for the joint venture, the repayment of which shall be made out of cash flows from the property in priority to distributions to the joint venture participants.



## **Natlan Property**

The Natlan Property consists of 10 mineral tenures covering an area of over 15,000 hectares approximately 30 kilometers northeast of Hazelton, BC and 65 kilometers south of the Silver Reef Property.

The Natlan Property sits in the same mineralized trend as the Silver Reef Property and is prospective for silver, gold and base metals.

### *Acquisition terms*

Subsequent to June 30, 2021, on July 12, 2021, the Company executed an option agreement with an arm's length private vendor to acquire up to a 100% interest in the Natlan Property. Under the terms of the option agreement, the Company can acquire a 100% interest in the Natlan Property over a five-year option period by paying to the vendor:

- \$25,000 (paid) and 100,000 common shares (issued) in its capital on the signing of the agreement;
- \$75,000 and 100,000 common shares in its capital on the first anniversary of the agreement;
- \$75,000 and 200,000 common shares in its capital on the second anniversary of the agreement;
- \$150,000 and 200,000 common shares in its capital on the third anniversary of the agreement;
- \$225,000 and 200,000 common shares in its capital on the fourth anniversary of the agreement; and
- \$450,000 and 200,000 common shares in its capital on the fifth anniversary of the agreement.

The Company is also required to incur exploration expenditures of \$150,000 by the first anniversary of the agreement and \$300,000 of cumulative expenditures by the second anniversary of the agreement. On exercise of the option, the Company will grant the optionor a 2% net smelter returns royalty on all minerals produced from the property, which the Company may purchase at any time for \$5,000,000 inflation adjusted from 2021.





## OREGON PROJECT DETAILS – DESCRIPTION AND ACQUISITION STATUS

### Stockade Property

The Stockade Property consists of 261 unpatented lode mining claims that cover an area of over 6,790 acres, located in Malheur County, Oregon approximately 85 kilometers southeast of Burns Oregon, or 150 kilometers southwest of Boise Idaho. The Stockade Property was explored by BHP, Phelps Dodge and Placer Dome with only shallow drill holes targeting bulk tonnage potential in the 1980s and 90s.

The Company has completed airborne and ground geophysical surveys at Stockade and is reviewing the geophysical data.

#### *Acquisition terms*

On July 10, 2020, the Company signed a mineral lease and option agreement with Bull Mountain Resources LLC (“BMR”), an arm's length private company, to lease a 100% interest in the Stockade property located in southeastern Oregon.

Under the terms of the Stockade option agreement, the Company has the right to use the Stockade Property for exploration and mining for a minimum of 50 years provided it continues to make the following pre-production payments:

- US\$20,000 (paid) and 100,000 common shares (issued) in the capital of the Company on signing the agreement;
- US\$10,000 (paid) six-months after the Effective Date;
- US\$10,000 (paid) 12-months after the Effective Date;
- US\$15,000 18-months after the Effective Date;
- US\$15,000 24-months after the Effective Date; and
- US\$25,000 30-months after the Effective Date and every six months thereafter.

The term of the Stockade Option Agreement may continue after 50 years provided active mining operations are being conducted on the Stockade Property.

To maintain the option, the Company is also required to incur minimum work expenditures on the Stockade Property of US\$30,000 in the first year (completed) and a minimum of 2,000 meters of drilling in the second year. On achievement of production on the property, a production royalty of 2% of net smelter returns is payable on claims owned by BMR and 0.5% of net smelter returns is payable on third party claims and claims acquired within the area of influence, provided that a minimum production royalty of US\$25,000 is payable quarterly. On payment to BMR of US\$10,000,000 in any combination of preproduction payments, production royalties and minimum royalties, the production royalty on claims owned by BMR reduces to 1% and on third-party claims and claims acquired within the area of influence to 0.25%.



## Lost Cabin Property

The Lost Cabin Property consists of 106 unpatented lode mining claims that cover an area of over 2,190 acres, located in Lake County, Oregon. The property is located along a major-northwest-trending structural lineament and hydrothermal alteration associated with silicic volcanism, with limited exploration activities carried out to date.

The Company has completed airborne and ground geophysical surveys at Stockade and is reviewing the geophysical data.

### *Acquisition terms*

On September 10, 2020, the Company signed a mineral lease and option agreement with La Cuesta International, Inc., an arm's length private company, to lease a 100% interest in the Lost Cabin Property. Under the terms of the Lost Cabin option agreement, the Company has the right to use the Lost Cabin Property for exploration and mining for a minimum of 50 years provided it continues to make the following preproduction payments:

- US\$5,000 (paid) and 100,000 common shares (issued) in the capital of the Company on signing the agreement;
- US\$5,000 (paid) six-months after the Effective Date;
- US\$10,000 12-months after the Effective Date;
- US\$10,000 18-months after the Effective Date;
- US\$15,000 24-months after the Effective Date; and
- US\$20,000 30-months after the Effective Date and every six months thereafter.

The term of the Lost Cabin option agreement may continue after 50 years provided active mining operations are being conducted on the Lost Cabin Property.

To maintain the option, the Company is also required to incur minimum work expenditures on the Lost Cabin Property of US\$30,000 in the first year and a minimum of 2,000 meters of drilling in the second year. On achievement of production on the property, a production royalty of 2% of net smelter returns is payable on claims owned by La Cuesta and 0.5% of net smelter returns is payable on third party claims and claims acquired within the area of influence, provided that a minimum production royalty of US\$25,000 is payable quarterly. On payment to La Cuesta of US\$10,000,000 in any combination of preproduction payments, production royalties and minimum royalties, the production royalty on claims owned by La Cuesta reduces to 1% and on third-party claims and claims acquired within the area of influence to 0.25%.

## OTHER PROPERTIES

As the Company's exploration focus turned to BC, Canada and the western United States, it was determined that the Timmins Property was a non-core property and the Company decided to pursue the sale of the property. On April 28, 2021, the Company executed an agreement with a private corporation for the sale of all its interest in the Timmins Property for proceeds of \$10. The purchaser assumed all liabilities associated with the property.



## BUSINESS CYCLE AND SEASONALITY

The Company's business is not cyclical or seasonal, however construction of and access to its properties can be delayed and production operations may be curtailed during heavy spring rains, snow, cold temperatures and other extreme weather phenomena.

## FINANCIAL POSITION

### Total assets

As at June 30, 2021, total assets were \$6,338,661, an increase of \$4,478,295 compared to December 31, 2020. Higher assets were predominantly due to an increase of cash and cash equivalents of \$4,113,352 relating to the completed private placement and flow-through private placement in the second quarter of 2021.

Under our accounting policy for exploration and evaluation expenditures, all acquisition costs incurred related to the Gabbs Project and payments under option agreements were expensed to the statement of loss and not capitalized to the statement of financial position.

### Total liabilities

As at June 30, 2021, total liabilities were \$11,142,654, an increase of \$11,024,647 compared to December 31, 2020. Higher liabilities were predominantly due to the acquisition liabilities associated with the Gabbs Project in the amount of \$10,184,109 and higher trade payables as the Company was completing its summer exploration programs.

### Total shareholders' equity

Total shareholders' equity was a deficit of \$4,803,993, a decrease of \$6,546,352 compared to December 31, 2020. Lower shareholders' equity was due to an increased net loss driven by the acquisition of the Gabbs Project and exploration programs completed on its BC properties. This was partially offset by an increase in share capital for the completed private placements and shares issued for acquisition of the Gabbs Project and property option payments.

## FINANCIAL RESULTS OF OPERATIONS

### Exploration and evaluation expenditures

For the three and six months ended June 30, 2021, exploration and evaluation expenditures were \$20,632,000 and \$20,879,737, respectively, compared to \$120,661 and \$186,834, respectively, in the comparable period of 2020.



Exploration and evaluation expenditures of the Company, by property, for the three and six months ended June 30, 2021 and 2020 were as follows:

	For the three months ended		For the six months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Gabbs Project	\$ 19,281,137	\$ -	\$ 19,281,137	\$ -
BAM Property	721,936	-	755,743	-
Silver Reef Property	512,046	93,762	524,826	93,762
Todd Creek Property	82,441	-	112,907	-
Stockade Property	37,641	-	62,574	-
Lost Cabin Property	17,461	-	57,397	-
Prospective exploration properties	(23,360)	-	47,685	-
Timmins Property	2,698	26,899	37,468	93,072
	\$ 20,632,000	\$ 120,661	\$ 20,879,737	\$ 186,834

For the three and six months ended June 30, 2021, exploration and evaluation expenditures increased by \$20,511,339 and \$20,692,903, respectively compared to the comparable period in 2020. The increase was primarily due to the acquisition of the Gabbs Project in the amount of \$19,056,236 and summer exploration programs on the BC properties.

Exploration and evaluation expenditures of the Company, by nature of expense, for the three and six months ended June 30, 2021 and 2020 were as follows:

	For the three months ended		For the six months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Acquisition costs	\$ 19,506,290	\$ 83,774	\$ 19,553,432	\$ 83,774
Helicopters	333,405	-	333,405	-
Consulting	105,531	2,300	255,406	52,300
Drilling	198,912	-	198,912	-
Camp costs	178,081	-	178,081	-
Geophysical and MMI surveys	137,760	5,970	137,760	5,970
Other exploration and evaluation expenditures	48,390	8,312	73,116	24,485
Assays	57,569	-	57,569	-
Assessment reports	30,026	14,355	39,531	14,355
Equipment rental	36,036	-	36,036	-
Technical reports	-	5,950	16,489	5,950
	\$ 20,632,000	\$ 120,661	\$ 20,879,737	\$ 186,834

### Administrative expenses

For the three and six months ended June 30, 2021, total administrative costs were \$819,348 and \$1,195,008, respectively, an increase of \$541,588 and \$818,459, respectively compared to the comparable period in 2020.



For the three and six months ended June 30, 2021, share-based compensation expense was \$437,937 and \$569,253, respectively, an increase of \$296,545 and \$427,861, respectively compared to the comparable period in 2020. The increase was due to a higher number of share options granted during the period at a higher fair value per share option.

For the three and six months ended June 30, 2021, general and administrative costs were \$196,915 and \$293,874, respectively, an increase of \$169,814 and \$250,094, respectively compared to the comparable period in 2020. The increase was due to higher employee salaries, insurance expense and the variable component of the rent expense for the corporate office.

For the three and six months ended June 30, 2021, professional fees were \$80,969 and \$169,347, respectively, an increase of \$12,803 and \$47,996, respectively compared to the comparable period in 2020. The increase was mainly due to higher legal fees for general representation, higher audit fees for the interim reviews and consulting fees for former executives.

For the three and six months ended June 30, 2021, investor relations and travel costs were \$52,046 and \$58,758, respectively, an increase of \$34,076 and \$40,515, respectively compared to the comparable period in 2020. The increase is due to increased promotion and marketing of the Company and conference fees.

For the three and six months ended June 30, 2021, shareholder information costs were \$19,853 and \$41,478, respectively, an increase of \$7,762 and \$14,289, respectively compared to the comparable period in 2020. The increase was due to an increase in filing fees, transfer agent costs and the costs related to the annual general meeting.

### **Net loss and comprehensive loss**

For the three and six months ended June 30, 2021, net loss was \$21,484,199 and \$22,115,037, respectively, an increase of \$21,080,302 and \$21,546,026, respectively compared to the comparable period in 2020. The increase is primarily driven by the acquisition of the Gabbs Project, summer explorations programs at the BC properties and increased administrative expenses.

For the three and six months ended June 30, 2021, net comprehensive loss was \$21,270,127 and \$21,900,965, respectively, an increase of \$20,866,230 and \$21,331,954, respectively compared to the comparable period in 2020. The increase is primarily due to the same reasons noted above for net loss and the currency translation adjustment for translation of the Company's subsidiaries financial results into the presentation currency.

## **LIQUIDITY AND CAPITAL RESOURCES**

### **Cash flow**

For the three and six months ended June 30, 2021, cash flows used in operating activities were \$2,810,936 and \$3,121,975, respectively, an increase of \$2,592,142 and \$2,688,801, respectively compared to the comparable period in 2020. Operating cash outflows increased due to progress on exploration programs at the Gabbs Project and the BC properties.



For the three and six months ended June 30, 2021, cash flows used in investing activities were \$103,129 and \$194,713, respectively, an increase of \$98,077 and \$190,570, respectively compared to the comparable period in 2020. Investing cash outflows increased primarily due to reclamation bond requirements to complete exploration programs at the BC properties.

For the three and six months ended June 30, 2021, cash flows generated by financing activities were \$7,459,302 and \$7,425,782, respectively, an increase of \$6,972,244 and \$6,953,517, respectively compared to the comparable period in 2020. Financing cash inflows increased primarily due to proceeds from the private placement in the amount of \$5,949,030, proceeds from the flow-through share private placement in the amount of \$1,750,302 offset by share issuance costs of \$212,759.

### **Liquidity and capital resources**

As at June 30, 2021, the Company had cash and cash equivalents of \$5,748,316 (December 31, 2020 - \$1,634,964) and current liabilities of \$5,306,668 (December 31, 2020 - \$118,007) for working capital of \$543,300 (December 31, 2020 - \$1,742,359). Significant funds will be required to complete the acquisition of the Gabbs Project, refer to the “Commitments” section of this MD&A.

The properties held by the Company are in the exploration and development stage and, as a result, the Company has no source of revenue or operating cash flow. The exploration and development of the Company’s properties depends on the ability of the Company to obtain financing. During the six months ended June 30, 2021, the Company has successfully completed the following private placements:

- On June 4, 2021, the Company completed a non-brokered private placement of 2,917,170 flow-through units at a price of \$0.60 per unit for gross proceeds of \$1,750,302.
- On May 17, 2021, the Company completed a private placement of 11,898,060 units at a price of \$0.50 per unit for gross proceeds of \$5,949,030.

If the Company’s exploration programs are successful, additional funds will be required to continue exploring and developing its properties until commercial production is achieved. As the Company does not have a source of operating cash flow, the Company will seek financing through, but not limited to, debt financing, equity financing and strategic alliances. However, there is no assurance that such financing will be available. If adequate financing is not available or cannot be obtained on a timely basis, the Company may be required to delay, reduce the scope of or eliminate one or more of its exploration programs or relinquish some or all of its rights under the existing option and acquisition agreements.

The ability of the Company to arrange financing or the sale of a property or a project interest in the future will depend in part upon the prevailing market conditions as well as the business performance of the Company. If additional financing is raised through the issuance of shares, control of the Company may change and shareholders may experience dilution.



## Use of proceeds

The following table includes a comparison of actual use of proceeds to the intended use of proceeds related to the private placement completed on May 17, 2021:

	Intended use of proceeds	Actual use of proceeds
Phase one drill program at Gabbs Project	\$ 2,500,000	\$ 215,335
General corporate purposes, including transaction costs associated with private placement	2,149,030	498,005
Acquisition of Gabbs Project <sup>(1)</sup>	1,300,000	1,216,600
Remaining in treasury	-	4,019,090
	<b>\$ 5,949,030</b>	<b>\$ 5,949,030</b>

(1) The initial payment for the acquisition of the Gabbs Project was US\$1,000,000 (C\$1,300,000) assuming a foreign exchange rate of US\$1.00 : CAD\$1.30.

On June 4, 2021, the Company completed a non-brokered flow-through share private placement for gross proceeds of \$1,750,302. Under the terms of the flow-through share private placement, the funds must be used to pay for qualifying exploration expenditures, as defined under the Canadian Income Tax Act. As at June 30, 2021, \$1,408,723 of the Company's cash balance is required for this purpose.

## COMMITMENTS

The following table provides our contractual obligations as of June 30, 2021:

	1 year	2 -3 years	More than 3 years	Total
Acquisition liabilities - Gabbs Project	4,957,600	6,197,000	-	11,154,600
Lease obligations	135,756	209,500	-	345,256
Contractual commitments	9,000	-	-	9,000
	<b>5,102,356</b>	<b>6,406,500</b>	<b>-</b>	<b>11,508,856</b>

As described elsewhere in this MD&A, the Company has commitments under existing option agreements for its BC and Oregon properties to maintain its interest in those properties.

## OFF-BALANCE SHEET ARRANGEMENTS

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



## OUTSTANDING SHARE DATA

As at August 18, 2021, the Company had the following number of securities outstanding:

	Number of securities	Exercise price (\$)	Weighted average remaining life (years)
Common shares	59,854,395	-	-
Share options	4,559,166	\$0.30 - \$0.72	1.52
Warrants	23,179,036	\$0.60 - \$0.85	1.51
	87,592,597		

## SUMMARY OF QUARTERLY RESULTS

The following table contains selected quarterly financial information derived from our unaudited quarterly condensed consolidated interim financial statements, which are reported under IFRS applicable to interim financial reporting.

	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Total revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net loss	(21,484,199)	(630,838)	(1,014,365)	(3,428,945)	(403,897)	(165,114)	(122,084)	(335,363)
Net comprehensive loss	(21,270,127)	(630,838)	(1,014,365)	(3,428,945)	(403,897)	(165,114)	(122,084)	(335,363)
Loss per share -								
basic and diluted	(0.49)	(0.02)	(0.04)	(0.15)	(0.02)	(0.02)	(0.01)	(0.04)
Cash and								
cash equivalents	5,748,316	1,198,821	1,634,964	1,223,656	605,285	342,073	570,337	607,123
Total assets	6,338,661	1,712,726	1,860,366	1,355,868	643,271	405,105	664,435	726,710
Cash dividends	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

The increase in net loss and net comprehensive loss in the second quarter of 2021 is due to the acquisition of the Gabbs Project. The increase in net loss and net comprehensive loss in the third quarter of 2020 is due to summer exploration programs on the BC properties.

## ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Additional disclosure concerning the Company's exploration and evaluation expenditures and administrative expenses is provided in the Company's statement of loss and comprehensive loss contained in its annual consolidated financial statements and condensed consolidated interim financial statements, which are all available on the Company's website and its profile on SEDAR at [www.sedar.com](http://www.sedar.com).

## SUBSEQUENT EVENTS

Other than disclosed elsewhere in this MD&A, the Company does not have any material events after the reporting date to disclose.





## RELATED PARTY TRANSACTIONS

Key management includes the Company's directors and officers including its President and Chief Executive Officer, its Chief Exploration Officer, its Executive Vice President and its Chief Financial Officer. It also includes the Company's former directors and officers.

Directors and key management compensation:

	For the three months ended		For the six months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Share-based compensation	\$ 387,823	\$ 129,150	\$ 522,929	\$ 129,150
Management and consulting fees	26,468	36,000	76,995	72,000
Salaries and benefits	8,638	-	8,638	-
	\$ 422,929	\$ 165,150	\$ 608,562	\$ 201,150

As at June 30, 2021, accounts payable and accrued liabilities includes \$18,847 (December 31, 2020 - \$12,870) owed to two officers of the Company for reimbursement of transactions incurred in the normal course of business.

A total of 7,000,000 units were purchased in the private placement completed on May 17, 2021 by two officers of the Company.

A total of 376,668 units were purchase in the non-brokered flow-through share private placement completed on June 4, 2021 by five officers and directors of the Company.

## NEW ACCOUNTING POLICIES

Our significant accounting policies are presented in note 3 to the audited consolidated financial statements for the years ended December 31, 2020 and 2019. There were no new accounting policies adopted during the six months ended June 30, 2021.

## CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates. It also requires management to exercise judgment in the process of applying its accounting policies. Estimates and judgments are regularly evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The following discusses the most significant accounting judgments and accounting estimates that the Company has made in the preparation of the financial statements including those that could result in a material effect in the next financial year on the carrying amounts of assets and liabilities:

- The ability to continue as a going concern (refer to the “*Liquidity and Capital Resources*” section of this MD&A);
- The incremental borrowing rate in determining the right-of-use (“ROU”) asset and lease obligation associated with the Company’s corporate head office;
- The discount rate in determining the fair value of the financial liability associated with the acquisition of the Gabbs Project; and
- The Black Scholes pricing model assumptions used in the valuation of share options and warrants including volatility and the forfeiture rate.

## NEW ACCOUNTING STANDARDS AND RECENT PRONOUNCEMENTS

The following standards, amendments and interpretations have been issued but are not yet effective:

- The IASB issued an amendment to IAS 16, *Property, Plant and Equipment* to prohibit the deducting from mineral properties, plant and equipment amounts received from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management. The amendment will require sales proceeds and related costs to be recognized in the statement of loss. The amendment is effective for annual reporting periods beginning on or after January 1, 2022, with earlier application permitted. This amendment is not expected to have a material impact on our business or financial statements.

There are no other IFRS standards or International Financial Reporting Interpretations Committee interpretations that are not yet effective or early adopted that are expected to have any impact on us.

## FINANCIAL INSTRUMENTS

### Classification of financial assets

The Company has the following financial assets: cash and cash equivalents, receivables and other and restricted cash.

Cash and cash equivalents comprise cash holdings in business and savings accounts held at major financial institutions with an original maturity date of three months or less. Restricted cash with the BC government as collateral for reclamation bonds. Cash and cash equivalents and restricted cash are classified at amortized cost.

### Classification of financial liabilities

The Company has the following financial liabilities: accounts payable and accrued liabilities, lease obligations and acquisition liabilities for the Gabbs Project.

Accounts payable and accrued liabilities and acquisition liabilities for the Gabbs Project are recognized initially at fair value. Subsequent to initial recognition these financial liabilities are held at amortized cost using the effective interest method.



## Financial risk management

The Company has exposure to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk from its use of financial instruments.

### *Market risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates will affect the Company's cash flows or value of its financial instruments.

#### *(i) Currency risk*

The Company is subject to currency risk on financial instruments that are denominated in currencies that are not the same as the functional currency of the entity that holds them. Exchange gains and losses would impact the statement of loss.

The Company is exposed to currency risk through cash and cash equivalents and accounts payable and accrued liabilities held in the parent entity which are denominated in USD.

#### *(ii) Interest rate risk*

The Company is subject to interest rate risk with respect to its investments in cash and cash equivalents. The Company's current policy is to invest cash at floating rates of interest and cash reserves are to be maintained in cash and cash equivalents in order to maintain liquidity. Fluctuations in interest rates when cash and cash equivalents mature impact interest and finance income earned.

### *Credit risk*

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its financial assets including cash and cash equivalents and restricted cash.

The Company limits its exposure to credit risk on financial assets through investing its cash and cash equivalents and restricted cash with high-credit quality financial institutions. Management believes the risk of loss related to these deposits to be low.

### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by monitoring actual and projected cash flows and matching the maturity profile of financial assets and liabilities.

Refer to note 1b of the condensed consolidated interim financial statements and the "Liquidity and Capital Resources" section of this MD&A for further discussion regarding the Company's ability to continue as a going concern.



### *Fair value estimation*

The Company's financial assets and liabilities are initially measured and recognized according to a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs.

The three levels of fair value hierarchy are as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data.

The carrying values of cash and cash equivalents, receivables and other, restricted cash and accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments.

The carrying value of the acquisition liabilities for the Gabbs Project are considered to approximate their fair value.

## **RISKS AND UNCERTAINTIES**

Mineral resource acquisition, exploration and development involves a number of risks and uncertainties, many of which are beyond our control. These risks and uncertainties include, without limitation, the risks discussed elsewhere in this MD&A and those identified in our AIF dated August 9, 2021 as filed in Canada on SEDAR at [www.sedar.com](http://www.sedar.com). You should carefully consider such risks and uncertainties prior to deciding to invest in our securities.

## **STATEMENT REGARDING FORWARD-LOOKING INFORMATION**

This MD&A contains “forward-looking information” (within the meaning of applicable Canadian securities law, and also referred to herein as “forward-looking statements”) concerning the Company's plans at its mineral properties and other matters. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management. Actual results could differ materially from the conclusions, forecasts and projections contained in such forward-looking information.

Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as “expects”, “is expected”, “anticipates”, “plans”, “projects”, “estimates”, “assumes”, “intends”, “strategy”, “goals”, “objectives”, “potential” or variations thereof or stating that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements. Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause

actual events or results to materially differ from those reflected in the forward-looking statements, and are developed based on assumptions about such risks, uncertainties and other factors set out herein including, without limitation:

- the effects of the ongoing COVID-19 pandemic;
- the exploration, development and operation of a mine or mine property, including the potential for undisclosed liabilities on our mineral projects;
- the fact that we are a relatively new company with no mineral properties in development or production and no history of revenue generation;
- our ability to obtain adequate financing for our planned exploration and development activities and to complete further exploration programs;
- uncertainties relating to the interpretation of drill results and the geology, grade and continuity of our mineral deposits;
- commodity price fluctuations, including gold, silver and copper price volatility;
- market events and general economic conditions;
- governmental regulations, including environmental regulations;
- delay in obtaining or failure to obtain required permits, or non-compliance with permits that are obtained;
- increased costs and restrictions on operations due to compliance with environmental laws and regulations;
- uncertainty regarding unsettled First Nations rights and title in British Columbia and the potential for similar adverse claims in the other jurisdictions in which the Company hold its mineral projects;
- uncertainties regarding title relating to ownership and validity of mining claims;
- risks associated with changes to the legal and regulatory environment that effect exploration and development of precious metals mining properties where the Company holds its mineral projects;
- uncertainties related to actual capital costs, operating costs and expenditures, production schedules and economic returns from the Company's mineral projects;
- uncertainties associated with development activities;
- uncertainties inherent in the estimation of mineral resources and precious metal recoveries;
- risks related to obtaining appropriate permits and licences to explore, develop, operate and produce at the Company's projects;
- uncertainties related to current global economic conditions;
- uncertainties related to the availability of future financing;
- potential difficulties with joint venture partners;
- risks that the Company's title to its property could be challenged;
- risks associated with the Company being subject to government regulation in foreign jurisdictions;
- risks associated with having adequate surface rights for operations;
- environmental risks;
- the Company's need to attract and retain qualified personnel;
- risks associated with operating hazards at the Company's mining projects;
- risks associated with potential conflicts of interest;
- risks related to the integration of businesses and assets acquired by the Company;
- uncertainties related to the competitiveness of the mining industry;



- risk associated with theft;
- risk of water shortages and risks associated with competition for water;
- uninsured risks and inadequate insurance coverage;
- risks associated with potential legal proceedings;
- risks associated with community relations;
- outside contractor risks;
- risks related to archaeological sites;
- foreign currency risks;
- risks associated with security and human rights; and
- risks related to the need for reclamation activities on the Company's properties.

This list is not exhaustive of the factors that may affect the Company's forward-looking information. These and other factors should be considered carefully, and readers should not place undue reliance on such forward-looking information.