

**ARIZONA METALS CORP.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR YEARS ENDED DECEMBER 31, 2021 AND 2020**

## **Introduction**

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Arizona Metals Corp. (formerly Ring the Bell Capital Corp.) ("AMC" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the years ended December 31, 2021 and 2020. This MD&A has been prepared in compliance with the requirements of *National Instrument 51-102 – Continuous Disclosure Obligations*. This discussion should be read in conjunction with the consolidated financial statements of the Company for the years ended December 31, 2021 and 2020, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). Additional information, including the Company's news releases and annual information form for the year ended December 31, 2021, has been filed electronically through the System for Electronic Document Analysis and Retrieval ("SEDAR") and is available online at [www.sedar.com](http://www.sedar.com). Information contained herein is presented as of May 2, 2022, unless otherwise indicated.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors (the "Board"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of AMC common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

## **Description of Business**

Prior to August 1, 2019, the Company was classified as a Capital Pool Company ("CPC") under TSX-V Policy 2.4. On August 1, 2019, the Company completed a reverse take-over transaction ("Transaction") with Croesus Gold Corp. ("Croesus") wherein the Company acquired 100% of the issued and outstanding common shares of Croesus and became a mineral exploration company based in Toronto, Ontario. The Company operates in one industry segment; its principal business activities are the exploration and development of mineral resource properties in Arizona.

AMC owns, through its wholly-owned subsidiaries, 100% of the Kay Mine Project (the "Kay Mine Project"), located in Yavapai County, Arizona, USA and 100% of the Sugarloaf Peak Gold Project (the "Sugarloaf Peak Project") located in La Paz County, Arizona, USA.

## **Incorporation and Corporate Profile**

The Company was initially incorporated under the name "Ring The Bell Capital Corp." under the *Canada Business Corporations Act* (the "CBCA") on June 28, 2017. The Company completed an Initial Public Offering ("IPO") on the TSX Venture Exchange ("TSX-V") on March 6, 2018 for 3,200,000 common shares for gross proceeds of \$800,000. The common shares were listed on the TSX-V and commenced trading on March 9, 2018 under the stock symbol RTB.P.

On August 1, 2019, the Company completed the Transaction with Croesus wherein the Company acquired 100% of the issued and outstanding common shares of Croesus by way of a three-cornered amalgamation. Pursuant to the Transaction, Croesus shareholders acquired control of the Company. While the Company was the legal acquirer of Croesus, for accounting purposes the acquirer in the Transaction was Croesus.

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In connection with the Transaction, the Company filed Articles of Amendment effective July 31, 2019, consolidating the common shares of the Company on a 2.5:1 basis and changing its name to "Arizona Metals Corp." The Company currently trades on the TSX-V under the symbol "AMC".

On August 6, 2020, the Company began trading on the OTCQB under the ticker "AZMCF" and moved to the OTCQX in January 2021.

### **Mineral Exploration Properties**

The technical information contained in this MD&A has been prepared in accordance with Canadian regulatory requirements set out in National Instrument 43-101 – *Standards for Disclosure for Mineral Projects* ("NI 43-101") and reviewed and approved by David Smith, CPG, Vice-President of Exploration of the Company and a "Qualified Person" as defined under NI 43-101.

### **Kay Mine**

The Company, through an indirect wholly-owned subsidiary, owns 100% of approximately 1,330 acres of patented and unpatented claims covering and surrounding the past-producing Kay Mine, located in Yavapai County, Arizona, approximately 50 miles north of Phoenix. The Kay Mine Project claims are not subject to any royalties. The Kay Mine Project hosts an historic resource estimate, defined by Exxon Minerals Company (Fellows, 1982) of 6.4 million short tons at a grade of 2.2% copper, 2.8g/t gold, 3.03% zinc, and 55g/t silver. This historic estimate has not been verified as a current mineral resource. None of the key assumptions, parameters, and methods used to prepare the historic estimate were reported, and no resource categories were used. Significant data compilation, re-drilling and data verification may be required by a Qualified Person before the historic estimate can be verified and upgraded in accordance with current NI 43-101 standards. A Qualified Person has not done sufficient work to classify it as a current mineral resource, and Arizona Metals is not treating the historic estimate as a current mineral resource.

The Kay Mine Project is a steeply dipping VMS deposit that has been defined from a depth of 150m to at least 900m. It is open for expansion on strike and at depth.

The Company completed its Phase 1 drill program at the Kay Mine Project in the second quarter of 2020. The Phase 1 drill program encountered massive sulphides in 19 of 20 holes and further improved the understanding of the geological model of the Kay Mine deposit, and identified a number of new high-priority drill targets.

In January 2021, the Company entered into a purchase option and sale agreement to acquire 100% of six parcels of patented land totaling 107 acres, located 900 metres northeast of its Kay Mine Project. The total purchase price for these parcels was US\$2,250,000 in cash and the acquisition was completed in May 2021.

In January 2021, the Company commenced the Phase 2 expansion drill program in the Kay Mine Project. Initially the Phase 2 drill program was intended to consist of drilling of up to 11,000m in 29 core drill holes to test for new VMS lenses in anticlinal hinge zones identified to the north and south of Phase 1 drilling, as well as the up-plunge and down-plunge extensions of known hinges. On April 5, 2021 the Company, concurrently with the announcement of its \$21,000,000 bought deal private placement offering (see below under the heading "Operational Highlights"), announced the increase of the Phase 2 expansion drill program to 75,000m. The Phase 2 expansion drill program is fully-funded. In February 2021, a second drill rig was mobilized to the Kay Mine Project, and in June 2021 a third core drill rig was delivered to the project. The Phase 2 expansion drill program is expected to be completed in the second half of 2022.

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In May 2021, the Company announced the discovery of a new gold-rich zone of open-ended mineralization at the Kay Mine Project, in an area previously untested by historic drilling or exploration. In October 2021, the Company announced the results of an additional 10 drill holes.

On June 28, 2021, the Company filed an updated technical report on the Kay Mine Project entitled "NI 43-101 Technical Report, Kay Mine Project, Yavapai County, Arizona, USA", dated June 23, 2021 (effective date May 21, 2021) (the "Kay Mine Technical Report") prepared by Highlands Geoscience LLC and Ethos Geological LLC. The highlights of the Kay Mine Technical Report include discussion of the completed Phase 1 drill program as well as the results of the Phase 2 drill program received to the effective date of the technical report. Drilling by the Company reported to the end of June 2021 has confirmed grades and locations of historic mineralization and outlined a massive sulfide deposit approximately 350 m long and over 700 m deep. Drilled widths vary between <1 m and 90 m, with approximate true width of mineralization estimated to be 65-97% of reported core width, averaging 80%. Thinner portions are interpreted as fold limbs, and wider portions as thickened fold hinges, and the deposit is open in all directions.

Subsequent to year-end, on April 26, 2022 the Company announced it had received permit approval from the Bureau of Land Management for a drill pad, located approximately 200 m west of the Kay Mine deposit. This new pad will allow for testing of the Central Target at the Kay Mine Project, which was previously defined based on coincident structural, geochemical, and geophysical anomalies.

Current Plans Related to the Kay Mine

The Company's current plan for the Kay Mine Project is the completion of the Phase 2 expansion drill program, which is expected to be completed during the second half of 2022. The Company has no current commitments for capital expenditures on the Kay Mine Project. The following table summarizes the expenditures by the Company on the Phase 2 expansion drill program to December 31, 2021, and the total estimated costs to completion of the Phase 2 and Phase 3 drill programs:

<b>Plans for the Project</b>	<b>Current Planned Expenditures<sup>(1)</sup> (rounded) \$</b>	<b>Incurred as at December 31, 2021 (rounded) \$</b>	<b>Estimated Remaining Cost to Completion (rounded) \$</b>
Phase 2 expansion drill program (HQ core drilling, all-in cost)	26,716,000	13,868,000	12,848,000
Phase 3 expansion drill program (HQ core drilling, all-in cost)	26,707,000	Nil	26,707,000
Other exploration expenditures <sup>(2)</sup>	6,100,000	61,000	6,039,000
<b>TOTAL</b>	<b>59,523,000</b>	<b>13,929,000</b>	<b>45,594,000</b>

Notes:

- (1) Based on management's best estimates as at the date of this MD&A. See below under the heading "*Liquidity and Capital Resources*" for a comparison between prior disclosure of estimated use of proceeds from the April Offering and the November Offering and current management estimates of costs and expenditures to completion of the Phase 2 and Phase 3 expansion drill programs and a discussion of the causes and impact of any variances.
- (2) Includes resource and geological mapping, geochemical and geophysical work on additional targets, metallurgical test work, economic studies, permitting, and environmental costs, but does not include acquisition costs or general corporate and administrative expenses (including salaries, consulting fees, insurance and professional fees).

### **Sugarloaf Peak Project**

The Company, through an indirect wholly-owned subsidiary, owns 100% of the Sugarloaf Peak Project, which is located on 4,412 acres of BLM claims in La Paz County, Arizona.

There are no current gold resource estimates on the Sugarloaf Peak Project however there are two historic conceptual resource opinions of "about 100 million tons containing 1.5 million ounces gold" (Dausinger, 1983, Westworld (as defined below)) and 60 million tons (Dausinger, 1987, Westworld) at a grade of 0.02 ounces per short tonne. The historical conceptual resource opinions at the Sugarloaf Peak Project were reported by what is now Westworld Inc. ("Westworld") in 1983 (Dausinger, N.E., 1983, Phase I Drill Program and Evaluation of Gold-Silver Potential, Sugarloaf Peak Project, Quartzsite, Arizona: Report for Westworld, Inc.) and 1987 Dausinger, N.E., 1987, Sugarloaf Peak Project, La Paz County, Arizona: Report for Westworld, Inc.), respectively. The historic conceptual resource opinions have not been verified as a current mineral resource. None of the key assumptions, parameters, and methods used to prepare the historic estimate were reported, and no resource categories were used. Significant data compilation, re-drilling and data verification may be required by a Qualified Person before the historic conceptual resource opinions can be verified and upgraded in accordance with current NI 43-101 standards. A Qualified Person has not done sufficient work to classify it as a current mineral resource, and Arizona Metals is not treating the historical conceptual resource opinions as a current mineral resource.

Additional drilling totaling 4,400m was completed by Riverside Resources Inc. ("Riverside") and Choice Gold between 2009 and 2012. A Titan-24 geophysical survey was also undertaken during this period.

In August 2020, the Company announced the start of its Phase 1 drill program at the Sugarloaf Peak Project. The Phase 1 drill program was completed in December 2020.

The advancement of exploration at the Kay Mine Project is the Company's primary focus, and the Company intends to maintain the Sugarloaf Peak Project in good standing until final results of metallurgical testing on the Phase 1 core drill program have been reviewed.

In June 2021, the Company announced that the bottle roll metallurgical testing on drill holes completed in the 2020 Phase 1 drill program at the Sugarloaf Peak Project demonstrated gold recoveries averaging 76%, from surface to 111 m. Column testing is currently underway, with results expected during 2022.

On June 28, 2021 the Company filed an updated technical report in respect of the Sugarloaf Peak Project entitled "NI 43-101 Technical Report on the Sugarloaf Peak Gold Project La Paz County, Arizona", dated June 16, 2021, (the "Sugarloaf Peak Technical Report") prepared by Highlands Geoscience LLC and Ethos Geological LLC. The Qualified Persons responsible for the Sugarloaf Peak Technical Report are David S. Smith, MS, MBA, CPG, of Highlands Geoscience LLC and Vice-President, Exploration for the Company, and Scott Close, MSc, PGeo, of Ethos Geological LLC.

#### *Current Plans Related to the Sugarloaf Peak Project*

The Company's current plans for the Sugarloaf Peak Project consist of maintaining the project in good standing until the metallurgical testing on the drill results from the 2020 Phase 1 drill program is completed in order to confirm whether to proceed with a Phase 2 drill program as proposed in the Sugarloaf Peak Technical Report. The following table summarizes the Company's current plans at the Sugarloaf Peak Project and the total estimated costs. The Company expects to complete

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metallurgical testing on the results from its Phase I drill program at the Sugarloaf Peak Project in 2022.

<b>Plans for the Project</b>	<b>Planned Expenditures<sup>(1)</sup> (rounded) \$</b>	<b>Incurred December 31, 2021 (rounded) \$</b>	<b>Estimated Remaining Cost to Completion (rounded) \$</b>
Care and maintenance <sup>(2)</sup>	150,000	49,000	101,000
Metallurgical testing <sup>(3)</sup>	375,000	248,000	127,000
<b>TOTALS</b>	<b>525,000</b>	<b>297,000</b>	<b>228,000</b>

Notes:

- (1) Based on management's best estimates as at the date of this MD&A. See below under the heading "*Liquidity and Capital Resources*" for a comparison between prior disclosure of estimated use of proceeds from the November Offering and current management estimates, and a discussion of the causes and impact of any variances.
- (2) Includes concession fees paid to the Bureau of Land Management. Estimated cost through September 2024.
- (3) Expected to be completed in 2022.

### **Operational Highlights**

On January 26, 2021, the Company closed a non-brokered private placement of 10,526,315 common shares of the Company at \$0.95 per common share for gross proceeds of \$10,000,000. In connection with the offering, the Company paid cash finders' fees totaling \$211,787 and other share issuance cost of \$59,693.

On February 8, 2021, the Company granted 200,000 stock options to directors of the Company with an exercise price of \$1.00 per share, expiring five years from the date of issuance. The stock options vested immediately upon issuance.

On April 22, 2021, the Company completed a bought-deal private placement offering (the "April Offering") of 10,000,000 special warrants ("Special Warrants") of the Company at a price of \$2.10 per special warrant for aggregate gross proceeds of \$21,000,000 which included the exercise in full of the underwriters' option. Each special warrant was deemed to be exercised, without payment of additional consideration of further action by the holders of Special Warrants, for 1 unit (a "Unit") of the Company, on June 30, 2021, the date which was two business days following the receipt by the Company of a receipt for its final short form prospectus filed on June 28, 2021 (the "April Short Form Prospectus").

The April Offering was conducted by a syndicate of underwriters co-led by Stifel GMP and Clarus Securities Inc., and included Cormark Securities Inc., Beacon Securities Limited and Agentis Capital Markets Canada Limited Partnership.

Each Unit consisted of 1 common share of the Company and one-half of 1 common share purchase warrant (a "Warrant"). Each whole Warrant entitles the holder to purchase one common share of the Company at \$3.00 per warrant until April 22, 2022.

In connection with the April Offering, the Company paid cash commissions and other issue costs totaling \$1,534,360 and issued an aggregate of 525,442 broker warrants. Each broker warrant is exercisable into one (1) Unit of the Company at a price of \$2.10 per Unit until April 22, 2022.

On November 12, 2021, the Company completed a bought-deal offering (the "November Offering") of 11,725,000 common shares of the Company at a price of \$4.25 per common share by way of

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short form prospectus (the "November Short Form Prospectus"), consisting of 8,625,000 common shares issued from treasury for gross proceeds to the Company of \$36,656,250, and 3,100,000 common shares sold by certain existing shareholders for gross proceeds of \$13,175,000. In connection with the November Offering, the Company paid cash commissions and other issue costs totaling \$2,380,084, and 258,750 broker warrants. Each broker warrant is exercisable into one common share of the Company at a price of \$4.25 per common share until November 12, 2022.

**Selected Annual Financial Information**

The following is selected financial data derived from the audited consolidated financial statements of the Company as at December 31, 2021, 2020, and 2019 and for the years then ended.

Description	Year Ended December 31, 2021 \$	Year Ended December 31, 2020 \$	Year Ended December 31, 2019 \$
Total revenues	Nil	Nil	Nil
Total loss <sup>(1)(2)</sup>	(19,617,091)	(7,181,217)	(4,260,609)
Net loss per common share – basic and diluted <sup>(3)(4)</sup>	(0.23)	(0.12)	(0.10)

Description	As at December 31, 2021 \$	As at December 31, 2020 \$	As at December 31, 2019 \$
Total assets	57,277,503	4,785,203	2,326,095
Total non-current financial liabilities	Nil	Nil	Nil
Distribution or cash dividends <sup>(5)</sup>	Nil	Nil	Nil

Notes:

- (1) Loss from continuing operations attributable to owners of the parent, in total;
- (2) Loss attributable to owners of the parent, in total;
- (3) Loss from continuing operations attributable to owners of the parent, on a per-share and diluted per share basis;
- (4) Loss attributable to owners of the parent, on a per-share and diluted per-share basis; and
- (5) Declared per-share for each class of share.

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**Summary of Quarterly Information**

Three Months Ended	Total Revenue \$	Profit or Loss	
		Total \$	Basic and Diluted Loss Per Share \$ <sup>(9)</sup>
December 31, 2021	-	(5,028,944) <sup>(1)</sup>	(0.05)
September 30, 2021	-	(4,492,125) <sup>(2)</sup>	(0.05)
June 30, 2021	-	(4,850,966) <sup>(3)</sup>	(0.06)
March 31, 2021	-	(5,245,056) <sup>(4)</sup>	(0.07)
December 31, 2020	-	(702,433) <sup>(5)</sup>	(0.01)
September 30, 2020	-	(2,351,466) <sup>(6)</sup>	(0.04)
June 30, 2020	-	(2,571,576) <sup>(7)</sup>	(0.04)
March 31, 2020	-	(1,555,742) <sup>(8)</sup>	(0.03)

Notes:

- (1) Net loss of \$5,028,944 includes salaries and benefits of \$198,338, exploration and evaluation expenditures of \$4,496,480, office and general of \$127,153, professional fees of \$85,883, business development of \$73,355, share-based payments of \$41,580, and filing fees of \$6,155.
- (2) Net loss of \$4,492,125 includes salaries and benefits of \$680,341, exploration and evaluation expenditures of \$3,663,987, office and general of \$64,178, professional fees of \$31,219, business development of \$6,047, share-based payments of \$12,288, and filing fees of \$34,065.
- (3) Net loss of \$4,850,966 includes salaries and benefits of \$158,665, exploration and evaluation expenditures of \$4,256,017, office and general of \$108,387, professional fees of \$132,945, business development of \$126,782, share-based payments of \$33,316, and filing fees of \$34,854.
- (4) Net loss of \$5,245,056 includes salaries and benefits of \$121,635, exploration and evaluation expenditures of \$4,663,100, office and general of \$80,865, professional fees of \$70,783, business development of \$60,948, share-based payments of \$236,524, and filing fees of \$11,201.
- (5) Net loss of \$702,433 includes salaries and benefits of \$88,369, exploration and evaluation expenditures of \$316,842, office and general of \$61,078, professional fees of \$71,396, business development of \$54,034, share-based payments of \$99,007, and filing fees of \$11,707.
- (6) Net loss of \$2,351,466 includes salaries and benefits of \$75,732, exploration and evaluation expenditures of \$2,078,451, office and general of \$61,570, professional fees recovery of \$18,918, business development of \$126,964, share-based payments of \$24,306, and filing fees of \$3,361.
- (7) Net loss of \$2,571,576 includes salaries and benefits of \$90,130, exploration and evaluation expenditures of \$1,388,774, office and general of \$96,542, professional fees of \$112,770, share-based payments of \$850,207, and filing fees of \$33,153.
- (8) Net loss of \$1,555,742 includes salaries and benefits of \$81,220, exploration and evaluation expenditures of \$1,362,681, office and general of \$89,197, and professional fees of \$22,644.
- (9) Per share amounts are rounded to the nearest cent, therefore aggregating quarterly amounts may not reconcile to year-to-date per share amounts.

The variation seen over such quarters is primarily dependent upon the success of the Company's ongoing property drill programs and the timing and results of the Company's exploration activities



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on its current properties. There are no general trends regarding the Company's quarterly results, and the Company's business of mineral exploration is not seasonal. Quarterly results can vary significantly depending on whether the Company has granted any stock options or paid any employee bonuses, and these are factors that account for material variations in the Company's quarterly net losses. General operating costs other than the specific items noted above tend to be quite similar from period to period.

**Discussion of Operations**

**Three Months Ended December 31, 2021 Compared to Three Months Ended December 31, 2020**

For the three months ended December 31, 2021, the Company's net loss was \$5,028,944 compared to \$702,433 for the three months ended December 31, 2020. The increase in net loss is a result of the following:

- Exploration and evaluation expenditures increased to \$4,496,480 for the three months ended December 31, 2021 (2020 - \$316,842) due to increased level of exploration activities at the Kay Mine Project as a result of the expanded Phase 2 expansion drill program.
- Salaries and benefits increased to \$198,338 for the three months ended December 31, 2021 (2020 - \$88,369) due to increased salaries paid to management.

**Year Ended December 31, 2021 Compared to Year Ended December 31, 2020**

For the year ended December 31, 2021, the Company's net loss was \$19,617,091 compared to \$7,181,217 for the year ended December 31, 2020. The increase in net loss is a result of the following:

- Exploration and evaluation expenditures increased to \$17,079,584 for the year ended December 31, 2021 (2020 - \$5,146,748) due to increased level of exploration activities at the Kay Mine Project as a result of the expanded Phase 2 expansion drill program, in addition to the acquisition of six parcels of patented land during the period.
- Salaries and benefits increased to \$1,158,979 for the year ended December 31, 2021 (2020 - \$335,451) due to increased salaries and one-time cash bonuses paid to management.
- Professional fees increased to \$320,830 for the year ended December 31, 2021 (2020 - \$187,892) due to increased audit and legal fees during the year.
- Business development increased to \$267,132 for the year ended December 31, 2021 (2020 - \$180,998) due to increased investor relations and marketing activities during the year.
- Share-based payments decreased to \$323,708 for the year ended December 31, 2021 (2020 - \$973,520). Share-based payments will vary based on the vesting of stock options.

### **Capital Management**

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including primarily the completion of its mineral exploration programs, and also funding of future growth opportunities, and the pursuit of accretive acquisitions; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company includes equity, comprising issued share capital, reserves and deficit, in the definition of capital, which as at December 31, 2021, totaled \$56,207,724 (December 31, 2020 - \$4,596,754).

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on activities related to its mineral properties. Selected information is provided to the Board of Directors.

As the Company does not have a credit facility, the Company is not currently subject to any capital requirements imposed by a lending institution or regulatory body. The Company expects that its capital resources will be sufficient to discharge its liabilities as of the current statement of financial position date.

There were no changes in the Company's process, policies and approach to capital management during the period ended December 31, 2021.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than TSX-V which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of six (6) months. As of December 31, 2021, the Company believes it is compliant with the policies of the TSX-V.

### **Off-Balance-Sheet Arrangements**

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

### **Commitments and Contingencies**

#### **Environmental contingencies**

The Company's mineral exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all

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applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

**Management contracts**

The Company is party to certain employment contracts. These contracts require that additional payments of approximately \$2,200,000 be made upon the occurrence of a change of control or \$1,100,000 upon termination without cause. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements.

**Liquidity and Capital Resources**

At December 31, 2021, the Company had \$55,774,455 in cash (December 31, 2020 - \$3,885,930).

At December 31, 2021, accounts payable and accrued liabilities were \$1,069,779 (December 31, 2020 - \$188,449). The Company's cash balance as at December 31, 2021 is sufficient to pay these liabilities.

The Company has no operating revenues and therefore must utilize its funds from financing transactions to maintain its capacity to meet ongoing operating activities.

As of December 31, 2021 and to the date of this MD&A, the cash resources of the Company are held with one Canadian chartered bank. The Company has no variable interest rate debt and its credit and interest rate risk is minimal. Accounts payable and accrued liabilities are short-term and non-interest-bearing.

Cash used in operating activities were \$18,931,133 for the year ended December 31, 2021. Operating activities were affected by a net loss of \$19,617,091 offset partially by share-based payments of \$323,708 and the net change in non-cash working capital balances of \$362,250 due to the changes in sales tax recoverable, prepaid expenses and accounts payable and accrued liabilities.

Cash used in investing activities were \$84,695 for the year ended December 31, 2021. Investing activities consisted of payment of reclamation bonds.

Cash provided by financing activities were \$70,904,353 for the year ended December 31, 2021, which included gross proceeds from private placements and public offering shares and special warrants issuance of \$67,656,250, exercise of warrants of \$6,907,027 and exercise of stock options of \$527,000, offset by cost of issue of \$4,185,924.

As of December 31, 2021, based on current projections, the Company's working capital of \$55,973,145 is sufficient to meet its planned business objectives. The table below outlines the Company's previously disclosed planned use of net proceeds of financings (other than working capital) in the April Short Form Prospectus and the November Short Form Prospectus, the actual expenditures as at December 31, 2021, and the expected remaining expenditures to the completion of (i) the Phase 2 expansion drill program at the Kay Mine Project, expected in the second half of 2022, (ii) the Phase 3 expansion drill program at the Kay Mine Project, expected to be completed by the first quarter of 2025, and (iii) metallurgical test work on the Sugarloaf Peak Project, expected to be completed by the first quarter of 2025.

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<b>Use of Capital</b>	<b>Prior Estimated Expenses (approx.) \$</b>	<b>Current Estimated Expenses<sup>(1)</sup> (approx.) \$</b>	<b>Spent as at December 31, 2021 (approx.) \$</b>	<b>Estimated Remaining Expenses (approx.) \$</b>
Exploration Expenditures at the Kay Mine Project				
Phase 2 expansion drilling (all-in cost) <sup>(2)</sup>	25,560,000	26,716,000	13,868,000	12,848,000
Phase 3 expansion drilling (all-in cost) <sup>(3)</sup>	26,707,000	26,707,000	Nil	26,707,000
Other Exploration Expenditures <sup>(4)</sup>	6,100,000 <sup>(5)</sup>	6,100,000	61,000	6,039,000
Sugarloaf Peak Project				
Care and maintenance <sup>(3)(6)</sup>	150,000	150,000	49,000	101,000
Metallurgical testing <sup>(3)</sup>	250,000	375,000	248,000	127,000
General corporate expenses <sup>(7)</sup>	2,500,000 <sup>(8)</sup>	2,500,000	2,214,000	286,000
<b>TOTALS</b>	<b>61,267,000</b>	<b>62,548,000</b>	<b>16,440,000</b>	<b>46,142,000</b>

Notes:

- (1) Based on the best estimate of management as at the date of this MD&A.
- (2) As originally estimated and disclosed in the April Short Form Prospectus.
- (3) As originally estimated and disclosed in the November Short Form Prospectus.
- (4) Includes resource and geological mapping, geochemical and geophysical work on additional targets, metallurgical test work, economic studies, permitting, and environmental costs, but does not include acquisition costs or general corporate and administrative expenses (including salaries, consulting fees, insurance and professional fees).
- (5) Includes estimated use of proceeds for other exploration expenditures in connection with the completion of the Phase 2 expansion drill program as disclosed in the April Short Form Prospectus (\$750,000) and estimated use of proceeds for other exploration expenditures in connection with the completion of the Phase 3 expansion drill program as disclosed in the November Short Form Prospectus (\$5,350,000).
- (6) Care and maintenance includes primarily payment of concession fees to the Bureau of Land Management through September 2024.
- (7) General, corporate and administrative expenses which include but are not limited to salaries and consulting fees, insurance and professional fees.
- (8) Includes estimated use of proceeds in the April Short Form Prospectus for general corporate expenses for the 12 months following completion of the April Offering, and estimated use of proceeds in the November Short Form Prospectus for general corporate expenses for the 12 months following completion of the November Offering.

Increased estimated costs are as a result of industry-wide cost inflation and a variety of other factors. In particular, exploration success at depth in the Phase 2 expansion drill program resulted in drilling of more holes at depth than originally planned (deeper holes are higher cost) as well as more directional drilling from branch holes. Inflation in fuel prices also increased logistical costs associated with drilling. However, the Company does not consider the variances to be material nor does it expect them to impact the ability of the Company to achieve its stated business objectives and milestones.

### **Trends and Economic Conditions**

Management regularly monitors economic financial market conditions and estimates their impact on the Company's operations and incorporates these estimates in both short-term operating and longer-term strategic decisions. Until recently, equity markets in the junior resource exploration sector have been difficult. To date, the Company has been able to raise sufficient capital to fund exploration programs on both properties. The global economy is currently characterized by increased volatility and uncertainty. Particularly, the geopolitical situation in of Ukraine, and the accompanying international response including economic sanctions, has been disruptive to the

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world economy, with increased volatility in commodity markets, international trade, and financial markets, all of which have a trickle-down effect on supply chains, equipment, and construction. There is substantial uncertainty about the extent to which this conflict will continue to impact global economic and financial affairs and resulting turmoil could have a material adverse effect on the Company's ability to obtain financing and advance development of its mineral projects.

Material uncertainties may arise that could influence management's going concern assumption. Management cannot accurately predict the future impact COVID-19 or other geopolitical situations may have on:

- Global commodity prices;
- Demand for gold and copper and the ability to explore for gold and copper
- The severity and the length of potential measures taken by governments to manage the spread of the virus, and their effect on labour availability and supply lines;
- Availability of government supplies, such as water and electricity;
- Purchasing power of the Canadian dollar; and
- Ability to obtain funding.

At the date of this MD&A, neither the Canadian federal government, the United States federal government or the State of Arizona have introduced measures that have directly impeded the operational activities of the Company. Management believes the business will continue and, accordingly, the current situation has not impacted management's going concern assumption. However, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

Although the Company believes that the pandemic will not impact the Company's ability to maintain its operations, the future impacts of the pandemic on its operations cannot be predicted as many of the factors are not within the control of the Company. The extent to which the coronavirus may impact the Company's business activities will depend on future developments, such as the continued geographic spread of the disease, the continued duration of an outbreak, renewal of travel restrictions, business disruptions, and the effectiveness of actions taken in Canada, the United States of America and other countries to contain and treat the disease. These events are highly uncertain and as such, the Company cannot determine their impact at this time.

The Company may face future disruption to operations, supply chain delays, travel and trade restrictions and impact on economic activity in affected countries or regions can be expected and can be difficult to quantify. Such pandemics or diseases represent a serious threat to maintaining a skilled workforce and could be a major health-care challenge for the Company. There can be no assurance that the Company's personnel will not be impacted by these pandemics. In addition, the COVID-19 pandemic created a slowdown in the global economy. The duration of the COVID-19 outbreak and the resultant travel restrictions, social distancing, government response actions, business closures and business disruptions, can all have an impact on the Company's operations and access to capital. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about by the COVID-19 pandemic on global financial markets that may reduce commodity prices, share prices and financial liquidity and thereby that may severely limit the financing capital available to the Company.

Apart from these factors and the risk factors noted under the heading "Risk Factors" and under "Commitments and Contingencies", management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations.

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**Transactions with Related Parties**

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

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

	Year Ended December 31, 2021 \$	Year Ended December 31, 2020 \$
Salaries and benefits	1,138,808	335,451
Share-based payments	169,076	708,702
Professional fees	48,754	51,085
Legal fees	432,690	186,609
	<b>1,789,328</b>	<b>1,281,847</b>

Included in professional fees is \$48,754 (year ended December 31, 2020 - \$51,085) paid to Marrelli Support Services Inc. ("MSSI") for Eric Myung, an employee of MSSI, to act as the Chief Financial Officer ("CFO") of the Company and bookkeeping services. As at December 31, 2021, \$2,318 (December 31, 2020 - \$2,318) was owed to MSSI and this amount was included in accounts payable and accrued liabilities. The amount owing is unsecured, non-interest bearing with no fixed terms of repayment.

A director of the Company is a partner in a law firm that provides services on a recurrent basis to the Company. During the year ended December 31, 2021, the Company incurred legal fees of \$116,791 (year ended December 31, 2020 - \$72,478) included in professional fees and share issuance costs of \$315,899 (year ended December 31, 2020 - \$114,131) to this law firm. As of December 31, 2021, included in accounts payable and accrued liabilities is an amount of \$7,594 (December 31, 2020 - \$11,966) owing to this law firm. The amount owing is unsecured, non-interest bearing with no fixed terms of repayment.

During the year ended December 31, 2020, related parties have subscribed for a total of 700,000 common shares for aggregate gross proceeds of \$350,000.

**Subsequent Events**

Subsequent to December 31, 2021, 20,000 stock options and 6,387,468 warrants with exercise prices ranging from \$0.50 to \$4.25 were exercised for gross proceeds of \$16,000 and \$15,051,751, respectively.

On January 31, 2022, the Company granted 450,000 stock options to consultants of the Company with exercise price of \$5.38 per share, expiring in 5 years. The options vest 1/3 on grant date, 1/3 on the one year anniversary of the grant date, and 1/3 on the two year anniversary of the grant date.

On March 28, 2022, the Company granted 325,000 stock options to directors of the Company with exercise price of \$6.75 per share, expiring in 5 years. The options vested immediately.

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### Share Capital

As at the date of this MD&A, the Company had 111,372,104 issued and outstanding common shares.

Stock options outstanding for the Company as at the date of this MD&A were as follows:

Stock Options	Expiry Date	Exercise Price (\$)
32,000	March 6, 2023	0.25
500,000	November 30, 2023	0.68
1,800,000	March 27, 2024	0.30
600,000	November 15, 2024	0.40
1,400,000	June 4, 2025	0.66
200,000	February 8, 2026	1.00
2,300,000	May 19, 2026	0.20
450,000	January 31, 2027	5.38
325,000	March 28, 2027	6.75
<b>7,607,000</b>		

Warrants outstanding for the Company as at the date of this MD&A were as follows:

Warrants	Expiry Date	Exercise Price (\$)
60,667	August 1, 2022	0.60
3,404,533	August 1, 2022	0.50
135,844	November 12, 2022	4.25
<b>3,601,044</b>		

### Financial Instruments

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, foreign currency risk and price risk).

#### Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, sales tax recoverable and reclamation bond. Cash is held with a Canadian chartered bank, from which management believes the risk of loss to be minimal.

Sales tax recoverable are receivable from government authorities in Canada. Reclamation bond is held with relevant government authorities in United States. Management believes that the credit risk with respect to these amounts receivable is minimal.

#### Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock

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market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at December 31, 2021, the Company had cash of \$55,774,455 (December 31, 2020 - \$3,885,930) to settle current liabilities of \$1,069,779 (December 31, 2020 - \$188,449). All of the Company's financial liabilities have contractual maturities of less than 90 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

The Company obtained its financing through private placements and public offerings. Negative trends in the general equity market and the fall in commodity prices can adversely impact the Company's ability to obtain financing at favourable terms. If the Company cannot obtain the necessary financing to fund its operating and exploration activities, the Company might not be able to continue as a going concern entity.

There can be no assurance that additional financing, if and when required, will be available or on terms acceptable to the Company.

### **Market Risk**

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

#### *Interest rate risk*

The Company has cash balances. The Company's current policy is to invest surplus cash in high yield savings accounts with a Canadian chartered bank with which it keeps its bank accounts. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its Canadian chartered bank.

#### *Foreign currency risk*

The Company's functional and presentation currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company is not exposed to foreign currency risk.

### **Risk Factors**

The following are certain risk factors relating to the business of the Company. The following information is a summary only of certain risk factors. These risks and uncertainties are not the only ones facing the Company. Additional risks and uncertainties not presently known to the Company, or that the Company currently deems immaterial, may also impair the operations of the Company. If any such risks actually occur, the financial condition, liquidity and results of operations of the Company could be materially adversely affected and the ability of the Company to implement its growth plans could be adversely affected.

#### ***Exploration, Development and Operating Risks***

Mining and exploration operations generally involve a high degree of risk. The Company's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of precious metals, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, milling operations are subject



to hazards such as equipment failure or failure of retaining dams around tailings disposal areas, which may result in environmental pollution and consequent liability.

The exploration for and development of mineral deposits involves significant risks which may not be eliminated even with a combination of careful evaluation, experience and knowledge. While the discovery of precious metals and other minerals may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes, and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by the Company will result in a profitable commercial mining operation. 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 quantity and quality of the minerals and proximity to infrastructure; mineral prices, which are highly cyclical; and government regulations, including regulations on prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, and environmental protection. The exact effect of these factors cannot be accurately predicted but their combination may result in the Company not receiving an adequate return on invested capital.

There is no certainty that the expenditures made by the Company on the search and evaluation of precious metals and other minerals will result in discoveries of commercial quantities of ore or other minerals.

#### ***Exploration properties title***

Although the title to the properties in which the Company holds an interest was reviewed by or on behalf of the Company, no formal title opinions were delivered to the Company and, consequently, no assurances can be given that there are no title defects affecting such properties. Title insurance generally is not available, and the Company's ability to ensure that it has obtained secure claim to individual mineral properties or mining concessions may be severely constrained. The Company has not conducted surveys of the claims in which it holds direct or indirect interests and, therefore, the precise area and location of such claims may be in doubt. Accordingly, the Company's mineral properties may be subject to prior unregistered liens, agreements, transfers or claims, and title may be affected by, among other things, undetected defects.

#### ***Competition May Hinder Corporate Growth***

The mining industry is competitive in all of its phases. The Company faces strong competition from other mining companies for the acquisition of properties producing, or capable of producing, precious and base metals, as well as for the recruitment and retention of qualified employees and contractors. Many of these companies have greater financial resources, operational experience and technical capabilities than the Company. As a result of this competition, the Company may be unable to maintain or acquire attractive mining properties or skilled resources on terms it considers acceptable or at all. Consequently, the Company's revenues, operations and financial condition could be materially adversely affected.

#### ***Additional Capital***

The development and exploration of the Company's properties may require substantial additional financing. Failure to obtain sufficient financing may result in the delay or indefinite postponement of exploration, development or production on any or all of the Company's properties or even a loss of property interest. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company.

### ***Commodity Prices***

The price of the common shares, the Company's financial results and exploration, development and mining activities may in the future be significantly adversely affected by declines in the price of gold. Gold prices fluctuate widely and are affected by numerous factors beyond the Company's control such as the sale or purchase of gold by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major gold-producing countries throughout the world. The price of gold has fluctuated widely in recent years, and future serious price declines could cause continued development of the Company's properties to be impracticable. Future production from the Company's properties is dependent on gold prices that are adequate to make these properties economic.

In addition to adversely affecting the Company's reserve and/or resource estimates and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

### ***Government Regulation***

The mining, processing, development and mineral exploration activities of the Company are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters.

Exploration may also be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on future exploration and production, price controls, export controls, currency availability, foreign exchange controls, income taxes, delays in obtaining or the inability to obtain necessary permits, opposition to mining from environmental and other non-governmental organizations, limitations on foreign ownership, expropriation of property, ownership of assets, environmental legislation, labour relations, limitations on repatriation of income and return of capital, limitations on mineral exports, high rates of inflation, increased financing costs, and site safety. This may affect both the Company's ability to undertake exploration and development activities on present and future properties in the manner contemplated, and its ability to continue to explore, develop and operate those properties in which it has an interest or for which it has obtained exploration and development rights to date.

Although the Company believes that its exploration and development activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail development or future potential production. Amendments to current laws and regulations governing operations and activities of mining and milling or more stringent implementation thereof could have a substantial adverse impact on the Company.

### ***Political Risks***

All of the Company's current operations are conducted in Ontario, and as such, are exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties include, but are not limited to, renegotiation or nullification of existing concessions, licenses, permits and contracts, and changes in taxation policies.

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Future political actions cannot be predicted and may adversely affect the Company. Changes, if any, in mining or investment policies or shifts in political attitude in the province of Ontario may adversely affect the Company's business, results of operations and financial condition. Future operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety. The possibility that future governments may adopt substantially different policies, which may extend to the expropriation of assets, cannot be ruled out.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure could result in loss, reduction or expropriation of entitlements. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Company's consolidated business, results of operations and financial condition.

***Labour and Employment Matters***

While the Company has good relations with its employees, these relations may be impacted by changes in the scheme of labour relations which may be introduced by the relevant governmental authorities in whose jurisdictions the Company carries on business. Adverse changes in such legislation may have a material adverse effect on the Company's business, results of operations and financial condition.

***Market Price of Common Shares***

Securities of micro- and small-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally and market perceptions of the attractiveness of particular industries. The Company's share price is also likely to be significantly affected by short-term changes in gold prices or in its financial condition or results of operations as reflected in its quarterly earnings reports. Other factors unrelated to the Company's performance that may have an effect on the price of the common shares include the following: the extent of analytical coverage available to investors concerning the Company's business may be limited if investment banks with research capabilities do not continue to follow the Company; lessening in trading volume and general market interest in the Company's securities may affect an investor's ability to trade significant numbers of common shares; the size of the Company's public float may limit the ability of some institutions to invest in the Company's securities; and a substantial decline in the price of the common shares that persists for a significant period of time could cause the Company's securities to be delisted from the exchange on which they trade, further reducing market liquidity.

As a result of any of these factors, the market price of the common shares at any given point in time may not accurately reflect the Company's long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

***Future Sales of Common Shares by Existing Shareholders***

Sales of a large number of common shares in the public markets, or the potential for such sales, could decrease the trading price of the common shares and could impair the Company's ability to raise capital through future sales of common shares. The Company has previously completed

private placements at prices per share which are from time to time lower than the market price of the common shares. Accordingly, a significant number of shareholders of the Company have an investment profit in the common shares of the Company that they may seek to liquidate.

### ***Conflicts of Interest***

Certain of the directors and officers of the Company also serve as directors and/or officers of other companies involved in natural resource exploration and development and consequently there exists the possibility for such directors and officers to be in a position of conflict. Any decision made by any of such directors and officers involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company and its shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which such directors may have a conflict of interest in accordance with the procedures set forth in the *Business Corporations Act* (Ontario) and other applicable laws.

### ***Management***

The success of the Company is currently largely dependent on the performance of its management. Shareholders will be relying on the good faith, experience and judgment of the Company's management and advisers in supervising and providing for the effective management of the business of the Company. The loss of the services of these persons could have a materially adverse effect on the Company's business and prospects. There is no assurance the Company can maintain the services of its management or other qualified personnel required to operate its business. Failure to do so could have a materially adverse effect on the Company and its prospects.

Additionally, directors and officers of the Company may also serve as directors and/or officers of other public companies from time to time.

Consequently, such directors and officers will be dividing their time between their duties to the Company and their duties to their other reporting issuers.

The Company has not purchased "key-man" insurance, nor has it entered into non-competition and non-disclosure agreements with management and has no current plans to do so.

### ***Permitting Matters***

The Company's operations are subject to receiving and maintaining permits and licenses from appropriate governmental authorities from time to time. Although The Company currently has all required permits and licenses for its operations as currently conducted, there is no assurance that delays will not occur in connection with obtaining all necessary renewals of such permits and licenses for the existing operations or additional permits or licenses for all future new operations. Prior to any development on any of its properties, The Company must receive permits and licenses from appropriate governmental authorities. There can be no assurance that The Company will receive and/or continue to hold all permits and licenses necessary to develop or continue operating at any particular property, or that any such licenses or permits awarded will not be cancelled pursuant to applicable legislation.

### ***Insurance and Uninsured Risks***

The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death,

environmental damage to The Company's properties or the properties of others, delays in exploration, development, monetary losses and possible legal liability.

The Company currently maintains directors' and officers' liability insurance and general liability insurance in such amounts as it considers to be reasonable. Accordingly, the insurance of the Company does not cover the potential risks associated with a mineral exploration company's operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production may not be generally available to The Company or to other companies in the mineral exploration industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards which may not be insured against or which The Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause The Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

### ***Environmental Risks and Hazards***

All phases of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect The Company's operations. Environmental hazards may exist on the properties on which The Company holds interests which are unknown to The Company at present and which have been caused by previous or existing owners or operators of the properties. Government approvals and permits are currently, and may in the future be, required in connection with The Company's operations. To the extent such approvals are required and not obtained, The Company may be curtailed or prohibited from proceeding with planned exploration or development of mineral properties.

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 the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mineral exploration activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining and/or mineral exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses or capital expenditures or require abandonment or delays in development of new mineral exploration properties.

### ***Infrastructure***

Mineral exploration, processing, development and related activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are

important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect The Company's operations, financial condition and results of operations.

#### ***No History of Mineral Production***

The Company has never had any interest in mineral producing properties. There is no assurance that commercial quantities of minerals will be discovered at any of The Company's current or future properties, nor is there any assurance that the exploration programs thereon will yield any positive results. Even if commercial quantities of minerals are discovered, there can be no assurance that any of the Company's properties will ever be brought to a stage where mineral resources can profitably be produced thereon. Factors which may limit the ability of The Company to produce mineral resources from its properties include, but are not limited to, the price of the mineral resources for which the Company is exploring, availability of additional capital and financing and the nature of any mineral deposits.

#### ***Cybersecurity Risks***

The information systems of the Company and any third-party service providers and vendors, are vulnerable to an increasing threat of continually evolving cybersecurity risks. These risks may take the form of malware, computer viruses, cyber threats, extortion, employee error, malfeasance, system errors or other types of risks, and may occur from inside or outside of the respective organizations. Cybersecurity risk is increasingly difficult to identify and quantify and cannot be fully mitigated because of the rapid evolving nature of the threats, targets and consequences. Additionally, unauthorized parties may attempt to gain access to these systems through fraud or other means of deceiving third-party service providers, employees or vendors. The operations of the Company and its service providers depend, in part, on how well networks, equipment, information technology ("IT") systems and software are protected against damage from a number of threats. These 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. However, if the Company or its service providers are unable or delayed in maintaining, upgrading or replacing IT systems and software, the risk of a cybersecurity event such as cable cuts, power loss, hacking, computer viruses and theft could materially increase. Any of these and other events could result in information system failures, delays and/or increases 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 reputation and results of operations of the Company. While the Company implements protective measures to reduce the risk of and detect cyber incidents, cyber-attacks are becoming more sophisticated and frequent, and the techniques used in such attacks change rapidly.

#### ***Market Risk***

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, investment fluctuations, and commodity and equity prices. The COVID-19 pandemic and its economic consequences have an extenuating impact on the current volatility of financial markets. Market conditions will cause fluctuations in the fair values of financial assets and liabilities. The Company is not exposed to significant interest rate risk as the Company has no variable interest bearing debt. The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in gold and metal prices. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

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***Pandemic Risk***

The outbreak and spread of COVID-19, declared a pandemic by the World Health Organization, has already had significant human, political, and economic consequences around the world. COVID-19 is still evolving, and its full impact remains to be determined. However, its effects include financial market volatility, interest rate cuts, disrupted movement of people and diminished consumer confidence. The effects of the coronavirus may be difficult to assess or predict with meaningful precision both generally and as an industry- or issuer-specific basis. This is an uncertain issue where actual effects will depend on many factors beyond the control of the Company.

**Additional Disclosure for Venture Issuers without Significant Revenue**

	Year Ended December 31, 2021 (\$)	Year Ended December 31, 2020 (\$)
Salaries and benefits	1,158,979	335,451
Exploration and evaluation expenditures	17,079,584	5,146,748
Office and general	380,583	308,387
Professional fees	320,830	187,892
Business development	267,132	180,998
Share-based payments	323,708	973,520
Filing fees	86,275	48,221
<b>Total</b>	<b>19,617,091</b>	<b>7,181,217</b>

**Exploration and evaluation expenditures**

	Year Ended December 31, 2021 (\$)	Year Ended December 31, 2020 (\$)
<b>Sugarloaf Peak Gold Project</b>		
Concession fees	48,592	49,840
Drilling	Nil	545,613
Consulting	248,362	134,016
Assays	Nil	89,821
<b>Total</b>	<b>296,954</b>	<b>819,290</b>

	Year Ended December 31, 2021 (\$)	Year Ended December 31, 2020 (\$)
<b>Kay Mine</b>		
Acquisition cost	2,853,057	Nil

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Concession fees	13,946	14,304
Legal fees	84,574	32,032
Consulting	643,841	364,721
Camp costs	167,338	64,599
Drilling	12,714,745	3,749,641
Assays	285,640	90,101
Storage	19,489	12,060
<b>Total</b>	<b>16,782,630</b>	<b>4,327,458</b>

**Disclosure of Internal Controls**

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence in that (i) the unaudited condensed interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited condensed interim financial statements, and (ii) the unaudited condensed interim financial statements fairly present in all material respects the financial condition, financial performance and cash flow of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate do not make any representations relating to the establishment and maintenance of:

(i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of unaudited condensed interim financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS).

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.



### **Forward-Looking Statements**

*Certain information included in this discussion may constitute forward-looking statements. Readers are cautioned not to put undue reliance on forward-looking statements. These statements relate to future events or the Company's future performance, business prospects or opportunities. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These forward-looking statements include statements regarding the future price of gold, the timing and amount of estimated future production, costs of production, capital expenditures, the success of exploration activities, permitting time lines, currency fluctuations, the requirements of future capital, drill results and the estimation of mineral resources and reserves. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements contained into this report should not be unduly relied upon. These statements speak only as of the date of this report. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this report. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about:*

- *general business and economic conditions;*
- *the supply and demand for, deliveries of, and the level and volatility of prices of gold, base metals, as well as petroleum products;*
- *the availability of financing for the Company's development of their projects on reasonable terms;*
- *the ability to procure equipment and operating supplies in sufficient quantities and on a timely basis;*
- *the ability to attract and retain skilled staff;*

*These forward-looking statements involve risks and uncertainties relating to, among other things, changes in commodity and, particularly, gold prices, access to skilled mining development personnel, results of exploration and development activities, uninsured risks, regulatory changes, defects in title, availability of materials and equipment, timeliness of government approvals, actual performance of facilities, equipment and processes relative to specifications and expectations and unanticipated environmental impacts on operations. Actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, the risk factors hereinabove. Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. The Company cautions that the foregoing list of important factors is not exhaustive. Investors and others who base themselves on the Company's forward-looking statements should carefully consider the above factors as well as the uncertainties they represent and the risk they entail. The forward-looking statements contained in this report are expressly qualified by this cautionary statement.*