

**ALTAN NEVADA MINERALS LIMITED  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**INTRODUCTION**

The management's discussion and analysis of financial condition and results of operations ("MD&A") focuses upon the activities, results of operations, liquidity and capital resources of Altan Nevada Minerals Limited (the "Company") and its subsidiaries (the "Group") for the year ended December 31, 2021. In order to better understand the MD&A it should be read in conjunction with the audited consolidated financial statements and related notes for the year ended December 31, 2021. The Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and filed with appropriate regulatory authorities in Canada. This MD&A is current to May 26, 2022 and in US dollars unless otherwise stated.

***Forward-Looking Statements***

Information set forth in this MD&A may involve forward-looking statements under applicable securities laws. Forward-looking statements are statements that relate to future, not past, events. In this context, forward-looking statements often address expected future business and financial performance, and often contain words such as "anticipate", "believe", "plan", "estimate", "expect", and "intend", statements that an action or event "may", "might", "could", "should", or "will" be taken or occur, or other similar expressions. All statements, other than statements of historical fact, included herein including, without limitation; statements about the size and timing of future exploration on and the development of the Group's properties are forward-looking statements. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Group's actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following risks: the need for additional financing; operational risks associated with mineral exploration; fluctuations in commodity prices; title matters; environmental liability claims and insurance; reliance on key personnel; the volatility of our common share price and volume and other reports and filings with the TSX Venture Exchange and applicable Canadian securities regulations. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date that statements are made and the Group undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as required by applicable securities laws. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Group's documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies the Group is bound. Investors are cautioned against attributing undue certainty to forward-looking statements.

The users of this information, including but not limited to investors and prospective investors, should read it in conjunction with all other disclosure documents provided including but not limited to all documents filed on SEDAR ([www.SEDAR.com](http://www.SEDAR.com)).

**CORPORATE OVERVIEW**

The Group is in the business of mineral exploration and development, with the holding company listed on the TSX Venture Exchange under the symbol "ANE" and is engaged in the acquisition, exploration and development of exploration and evaluation assets in Nevada.

The Group is focused on the discovery of large-scale ore systems in under-explored regions of Nevada. The Group performs its own grass-roots exploration with its highly experienced technical team.

Our experienced technical team is supported by: John Jones AM, Chairman & Director, who has over forty years of experience in the international mining sector; Kerry Griffin, CEO, who has 26 years experience in mining geology, resource development and exploration in Australia, Africa, South/Central America and Asia; Barry Bourne, Vice-President of Exploration, who has advanced global knowledge of targeting epithermal and porphyry-style mineralization.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious

disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, customers, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Group to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Group's business or its ability to raise funds at this time.

## **SHARE CAPITAL**

On November 27, 2020 the Group announced it had closed a non-brokered private placement to raise gross proceeds of \$260,346 through the sale of 22,500,000 units at a price of C\$0.015 per unit (the "Private Placement"). Each unit consists of one common share of the Company (each a "Share") and a common share purchase warrant (each a "Warrant") entitling the holder thereof to acquire an additional Share at a price of C\$0.05 for a period of four years following closing of the Private Placement.

On December 24, 2021, the Group completed a non-brokered private placement of 47,125,947 units at a price of C\$0.01 per unit for gross proceeds of \$369,301 (C\$471,259). Each unit consists of one common share of the Group.

As at December 31, 2021, the Group had \$6,675,273 in share capital and 139,290,890 common shares outstanding.

### ***Options***

During the year ended December 31, 2021, 1,750,000 options expired unexercised.

As at December 31, 2021, the Company had 3,500,000 options outstanding.

### ***Warrants***

During the year ended December 31, 2021, 16,919,074 warrants expired unexercised.

As at December 31, 2021 the Company had 53,126,013 warrants outstanding.

## **OPERATIONS**

### ***Overview***

The Group currently holds three exploration projects in Nevada that are currently undergoing technical review; Venus Copper-Gold Project, Black Top Gold Project and Montelle Project. Exploration work since 2007 has identified drill targets on a number of projects. The Group's reconnaissance program continues to generate new projects.

#### **Venus Copper-Gold Project, Yerington District, Nevada**

The Venus project consists of copper-iron (Cu-Fe) skarns and copper porphyry intrusions in the Pumpkin Hollow area, Yerington District, Western Nevada. It consists of 111 unpatented mining claims that were staked in April, June, September and December of 2007.

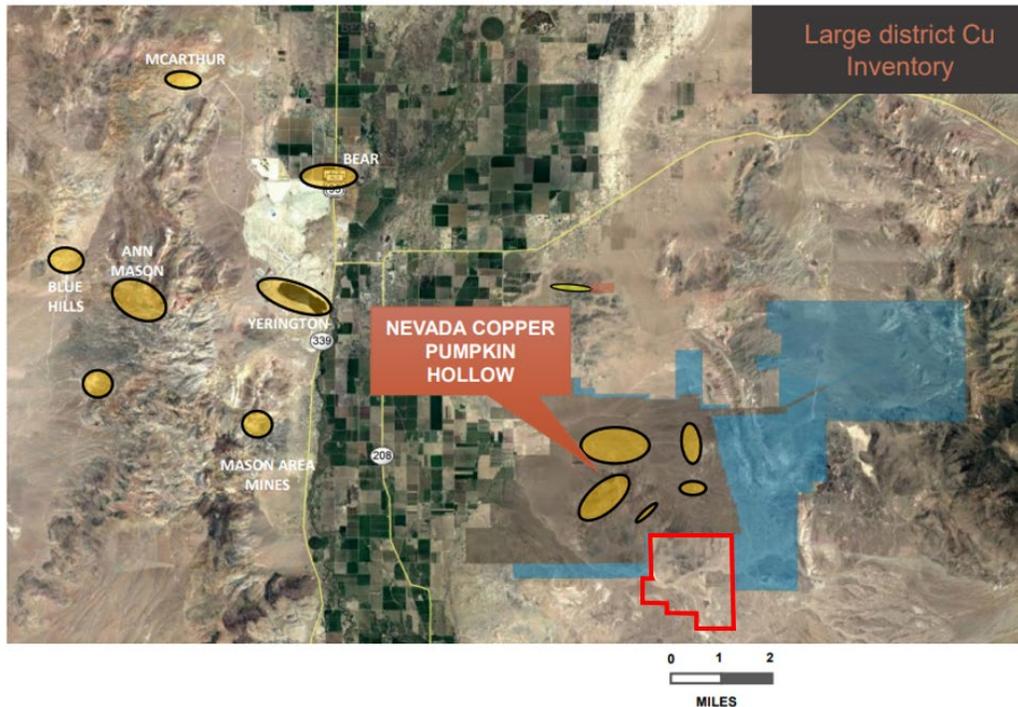
The project is located immediately to the south of, and along strike from, Nevada Copper's Pumpkin Hollow Copper Project, less than one mile from the tenement boundary. Fully financed, the Project is expected to have a 19-year mine life with peak copper production of 111,000 tonnes per annum.

On April 1, 2020 – the Group announced the results of drilling at its Venus Copper Project (the "Venus Project").

Exploration Program Highlights:

- The first ever drillholes into the Venus Project were completed: Highlighting high priority targets at the Venus Project.
- Mineralised porphyry quartz monzonite of the Yerington Batholith suite has been intersected: Porphyry quartz monzonite with cross cutting dikes of quartz monzonite porphyry was intersected beneath moderate cover.

- Assays confirm copper, gold and silver mineralisation in two holes: Mineralisation as blebs and disseminated grains of pyrite and chalcopyrite associated with coarse-grained epidote and calcite intersected in drilling.
- Multiple targets identified for follow up drill testing: Three priority targets remain untested and further drilling is required adjacent to the porphyry quartz monzonite.

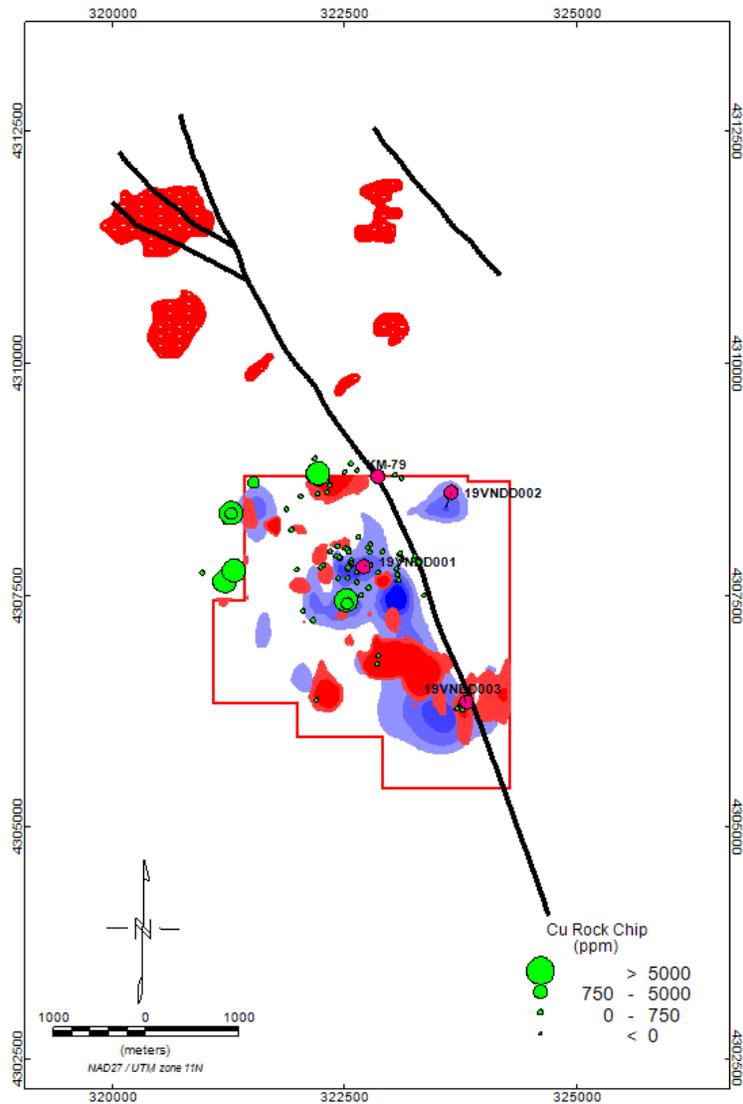


**Figure 1 – Altan Nevada claims shown in red and Nevada Copper claims in grey and blue.**

The Venus Project, which is 100% owned by Altan Nevada (Figure 1), is located within the Yerington copper porphyry district in the Walker Lane mineralized belt in Nevada. Altan Nevada’s decision to advance exploration at the Venus Project coincides with development at Nevada Copper Corp.’s (TSX: NCU) (“**Nevada Copper**”) Pumpkin Hollow Copper Mine (“**Pumpkin Hollow**”) immediately to the north and less than one mile from the tenement boundary.

### ***Drilling Results***

The first ever drillholes into the Venus Project were completed in October 2019. Four holes totalling 1300m were drilled into geochemical, geophysical and geological targets (Figure 2). The host of copper mineralisation at Pumpkin Hollow is dominantly Triassic and Jurassic sediments of both the Gardner Valley and Mason Valley Formations. Copper mineralisation is associated with the Jurassic age Yerington Batholith and related porphyritic/granite dikes.



**Figure 2 – Shown are Nevada Copper’s deposit locations (red) with mapped structures in black and Altan Nevada’s drilling locations (pink dots). The surface projection of 3D geophysical targets within the Venus project are shown as chargeability/IP in blue (>6 mV/V) and magnetics in red (>12 x 10<sup>-3</sup> SI).**

The first drillhole (19VNDD001) targeted a magnetic/ chargeable high in an area with outcropping copper-gold bearing quartz veins. The hole was collared in Triassic volcanics (andesite) and remained in andesite the entire hole. Numerous quartz rich fractured Jurassic granitic dykes intrude the andesite. The hole intersected copper mineralization towards the bottom of the drill hole in porphyritic granitic dikes and andesite, with mineralisation as blebs and disseminated grains of pyrite and chalcopyrite associated with coarse-grained epidote and calcite (Figure 3). There are zones of elevated copper and gold throughout the hole. The best results were 101.7-102.8m (0.80 g/t Au, 0.5 g/t Ag, 169 ppm Cu), 286.5-289.6m (0.13 g/t Au, 0.4 g/t Ag, 951 ppm Cu) and 367.6-368.5m (0.36g/t Au, 2225 ppm Cu). The hole was abandoned at 372m due to poor drilling conditions.



**Figure 3 – 19VNDD001 (299.6m). Mineralisation as blebs and disseminated grains of pyrite and chalcopyrite associated with coarse-grained epidote and calcite**

The second hole (19VNDD002) targeted a surface soil geochemical anomaly and an isolated chargeability feature close to the Nevada Copper claim boundary. The hole went through 269m of Quaternary colluvium and Tertiary volcanic cover rock. A fault appears to have thickened the Tertiary sequence. Jurassic porphyry quartz monzonite was intersected below 269m, with cross cutting dikes of Jurassic quartz monzonite porphyry to a depth of 305m. Again, the hole intersected copper mineralization/ alteration once it entered Jurassic aged rocks. The highest copper (293.8-304.8m, 371ppm Cu and 0.03 g/t Ag) is hosted in a Jurassic quartz monzonite porphyry dike associated with minor disseminated pyrite and chalcopyrite grains and accompanying elevated iron and sulphur values. The hole ended in weak mineralisation.

The third and fourth holes (19VNDD003 and 19VNDD003A) were collared in Tertiary volcanic cover targeting a north-south magnetic structure and a deep chargeability zone. Hole 19VNDD003 was lost at 188m so the hole was re-drilled (19VNDD003A). The hole was stopped in Tertiary volcanic cover (412m). As the Triassic/Jurassic basement was not intersected, no samples were submitted from this drill hole for assay.

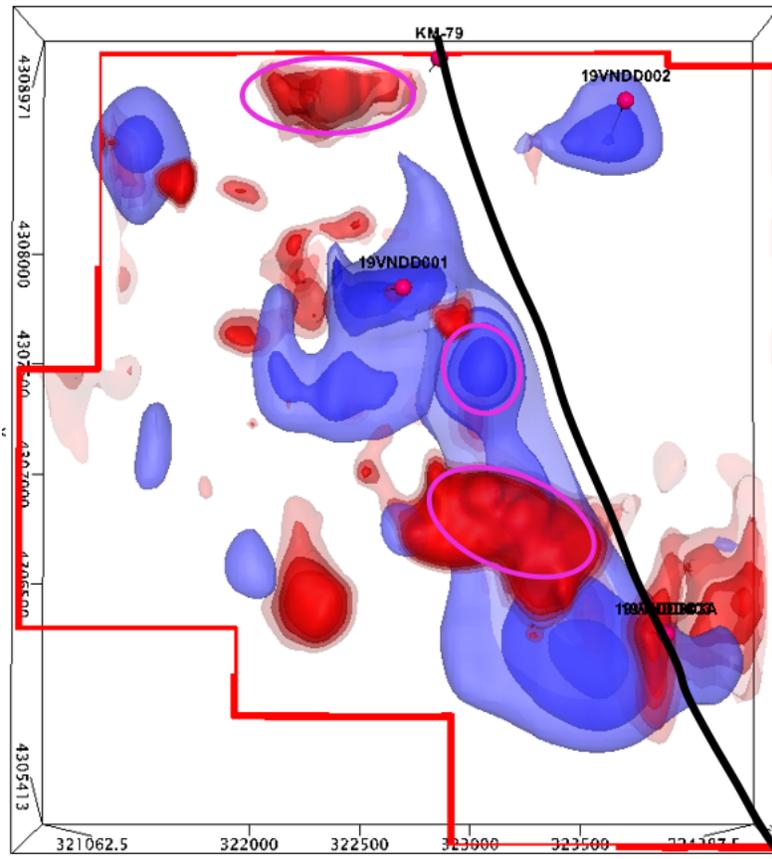
In 1973 the Anaconda Company drilled hole KM-79 directly north of hole 19VNDD001, just outside Altan Nevada's claims. After 47m of Quaternary colluvium it intersected andesites/ amphibolite and encountered blebs of chalcopyrite associated with calcite veins from 227m to the end of the hole at 239m. There is no assay data available for this hole.

### ***Discussion***

On the eastern side of the NNW regional fault the Tertiary volcanic cover increases in thickness from 269m (19VNDD002) to more than 412m (19VNDD003A) from north to south. On the western side the fault the lower Triassic andesite outcrops (19VNDD001) and is weakly mineralised. Chalcopyrite mineralisation increases with depth and proximity to porphyritic intrusives.

Beneath the cover on the eastern side of the fault, hole 19VNDD002 intersected and ended in weakly mineralised Jurassic porphyry quartz monzonite of the Yerington Batholith suite. Mineralisation increases with depth and proximity to porphyritic dykes. The presence of weakly mineralised porphyry quartz monzonite of the Yerington Batholith suite on the Venus Project is significant as the known underground and open pit deposits at Pumpkin Hollow are skarn/IOCG-style deposits, the source of which is expected to be an undiscovered porphyry system. There is scope for further drilling around 19VNDD002.

The magnetic response of the Triassic andesite is weak in areas of known/shallow outcrop. 19VNDD001 was weakly magnetic in places. As the Pumpkin Hollow mineralisation is associated with a high magnetic response, the untested magnetic feature (>1% magnetite equivalent) west of KM-79 remains a high priority drill target (Figure 4).



**Figure 4 – Altan Nevada’s drilling locations (pink dots). The surface projection of 3D geophysical targets within the Venus project are shown as chargeability/IP in blue (>6 mV/V) and magnetics in red (>12 x 10<sup>-3</sup> SI). Remaining targets circled in pink. The area surrounding 19VNDD02 remains a drill target.**

In summary, the Venus Project is still considered to have potential for the discovery of new deposits similar in style to Pumpkin Hollow. It also has the potential for the discovery of buried porphyry-style copper mineralization with characteristics similar to the Yerington Mine.

#### ***Planned Activities for the Venus Project in 2022***

Follow-up drilling is required adjacent to hole 19VNDD002. Three other targets previously identified on the Venus project still require first pass drill testing. The three targets are approved for drilling and have earthworks completed. Additional drilling around 19VNDD001 would require permitting.

The Group is actively seeking opportunities to fund the planned programs at Venus including but not limited to engaging with joint venture partners or a partial sale of the project.

#### ***Quality Assurance and Quality Control***

The analytical work was performed by American Assay Labs (AAL) located in Sparks, Nevada. AAL is an ISO/IEC 17025 accredited and NDEP Approved laboratory. Drill core samples were crushed so that >70% passes 10 mesh, followed by pulverizing of a 250g riffle split sample to >85% passes - 150 mesh. Prepared samples were run using a three acid digestion process and conventional ICP-AES analysis. Gold determination was via ICPMS Finish after a 30 gram fire-assay (FA) analysis. Blank, standard and pulp duplicate samples were routinely inserted and monitored for quality assurance and quality control. Altan Nevada detected no significant QA/QC issues during review of the data and is not aware of any drilling, sampling, recovery or other factors that could materially affect the accuracy or reliability of the data referred to herein.

### ***About Altan Nevada's Venus Project***

Located on-strike from Pumpkin Hollow, Altan Nevada's Venus Project consists of 111 unpatented mining claims covering approximately 2,165 acres (~8.76 km<sup>2</sup>), all situated on Bureau of Land Management (Federal) land.

During the year ended December 31, 2018, the Group conducted a 3D IP/Resistivity survey, identifying various chargeable zones down to 500 meters which could be attributable to sulfide mineralization. Some of the chargeable zones have coincident magnetic (magnetite) and geochemical responses (copper, gold, and silver) and are considered by the Group to be high priority targets.

The Venus Copper Gold Project has never been drilled before and is considered to have good potential for the discovery of new deposits of similar size and grade to the adjacent Pumpkin Hollow copper-gold mine.

This program has been subject to extensive review by leading geoscientific exploration consultant Terra Resources Pty. Ltd., identifying a total of seven high-priority targets to test the potential of Venus to host copper-gold mineralization. Surface geology/geochemistry, ground magnetics, gravity and induced polarization (IP) surveys have been used to plan and prioritize drilling.

In addition, the project is considered to have the potential for discovery of buried porphyry-style copper mineralization with characteristics similar to the Yerington (Anaconda) mine.

### ***Summary of E&E expenditures***

The Group incurred maintenance and exploration costs of \$59,128 during the year ended December 31, 2020.

The Group incurred maintenance and exploration costs of \$20,295 during the year ended December 31, 2021.

\$9,908 of capitalized mineral costs were written off during the year ended December 31, 2021.

### ***Property Risks***

Title to exploration and evaluation asset interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral claims. The Group has investigated title to all of its exploration and evaluation asset interests and, to the best of its knowledge, title to all of its interests are in good standing. The exploration and evaluation asset interests in which the Group has committed to earn an interest are located in United States.

The terms and commitments of the Group with respect to its exploration and evaluation assets are subject to change if and when the Group and its partners mutually agree to new terms and conditions.

As at December 31, 2021, the Group has reclamation deposits totaling \$6,288 (2020 - \$42,366) held with the Bureau of Land Management ("BLM") related to potential environmental remediation work on certain mineral interests.

As at December 31, 2021, the Group estimates its reclamation obligation at \$6,288 (2019 - \$42,366).

## **CORPORATE**

### ***Directors and Officers***

**John L.C. Jones AM, Chairman & Director** - Mr. J. Jones has served as Chairman and Director of Altan Nevada Minerals Limited since its inception. He has been a prominent player in the international mining sector for over forty years with a long list of successes. Mr. J. Jones' guiding involvement in four companies (Troy Resources Limited, Anglo Australian Resources NL, North Kalgurli Mines Limited, and Jones Mining NL) led to the discovery of four deposits and the development of eight mines.

**Kerry Griffin, Chief Executive Officer** - Mr. Griffin has 26 years experience in mining geology, resource development and exploration in Australia, Africa, South/Central America and Asia, including more than 22 years in

senior roles with such companies as Newcrest Mining, Sons of Gwalia, Consolidated Minerals, Ivanhoe Mines, Aspire Mining Ltd., Haranga Resources Ltd., Lindian Resources Ltd. and Latin Resources Ltd.

**Brian Cole, Director & Corporate Secretary** - Mr. Cole has a Bachelor of Business degree from the Western Australian Institute of Technology, specializing in Business Law and Accounting, and a Graduate Diploma in Property from Curtin University. He is a Chartered Accountant and Chartered Management Consultant. He has held directorships within private companies and has a strong knowledge of finance and compliance across multiple jurisdictions.

**Evan Jones, Director** - Mr. E. Jones has served as Chief Executive Officer, President and Director of Altan Nevada Minerals Limited since its inception. In May 2019, Mr. E. Jones resigned as Chief Executive Officer and continued to serve as a non-executive Director of the Company. He has twelve years of experience in corporate advisory and commercial management in the mining industry, including six years based in developing countries. With experience in both private and public mineral exploration companies, Mr. E. Jones has a proven ability to build business networks and negotiate opportunities.

**Barry Bourne, Vice-President of Exploration** - Mr. Bourne has served as Vice-President of Exploration of Altan Nevada Minerals Limited since May 2019. He is a principal and founder of Terra Resources Geophysical and Geological Consultants. He has advanced global knowledge of targeting epithermal and porphyry-style mineralization, which includes three years in the United States, exploring for porphyry and Carlin-style gold mineralization in Utah and Nevada. He also has six years in-country exploration experience in Papua New Guinea, Africa and South America, and is jointly credited with exploration success at Casale, Chile (Luciano cluster), Kabanga, Tanzania (extension), Tusker, Tanzania (Kilimani zone), and Ruby Hill, the United States (Bullwhacker extension). Up until 2013, he was chief geophysicist for Barrick Gold, and is now a mineral exploration consultant to private and public international exploration groups. He graduated in geology and geophysics from the University of Western Australia (UWA). He is a fellow of the Australian Institute of Geoscientists and is currently on the technical advisory committee for UWA Centre for Exploration Targeting.

**Matt Hardisty, Director** - Mr Hardisty is a chartered accountant, with more than 30 years experience in Australia and the UK. He started his career with Pannell Kerr Forster before moving into a number of industry roles. For the past 13 years, Matt has worked in the rural and mining services industries across a range of companies.

## SELECTED ANNUAL INFORMATION

The following table sets forth selected consolidated information of the Group at December 31 for each of the three most recently completed financial years prepared in accordance with IFRS. The selected consolidated financial information should be read in conjunction with the Audited Consolidated Financial Statements of the Group.

US Dollars	2021	2020 (restated)	2019
	\$	\$	\$
Net loss	(296,712)	(349,288)	(697,755)
Net loss per share, basic and fully diluted	(0.00)	(0.00)	(0.01)
Cash and cash equivalents	74,312	137,687	18,983
Total assets	943,328	1,016,389	912,152
Long-term debt	-	-	-
Dividends	-	-	-

The Group is at the exploration stage. The Group recorded a foreign exchange loss of \$7,806 during the year ended December 31, 2021, foreign exchange loss of \$19,243 during the year ended December 31, 2020, and foreign exchange loss of \$26,980 during the year ended December 31, 2019.

The decrease in net loss in 2020 and 2021 was mainly due to a decrease in activity during these periods.

## REVIEW OF OPERATIONS AND FINANCIAL RESULTS

### *Fourth quarter ended December 31, 2021*

For the fourth quarter ended December 31, 2021, the Group incurred a net loss of \$50,231 resulting in a loss per share of \$0.00. The loss was attributable to operating expenses.

### *Year ended December 31, 2021*

For the year ended December 31, 2021, the Group incurred a net loss of \$296,712 resulting in a loss per share of \$0.001. The loss was attributable to operating expenses of \$286,804 and mineral properties write-off of \$9,908.

### **Exploration**

The Group capitalizes all exploration costs relating to its resource interests. During the year ended December 31, 2021, the Group capitalized \$20,295 in exploration of its Nevada properties, and recorded an impairment of \$9,908.

During the year ended December 31, 2020, the Group capitalized \$59,128 in exploration of its Nevada properties, and recorded an impairment of \$23,141.

Full particulars of the deferred exploration costs are shown in Note 5 to the Consolidated Financial Statements.

### **Expenses**

#### *Fourth quarter ended December 31, 2021*

During the fourth quarter ended December 31, 2021, the Group incurred \$30,397 in consulting and management fees, recovered \$1,062 in professional fees and \$9,948 of general and administrative expenses. The Group recognized foreign exchange gains of \$20,936.

During the fourth quarter ended December 31, 2020, the Group incurred \$97,532 in consulting and management fees, and incurred \$26,451 in professional fees, and incurred \$138,973 in general and administrative expenses. The Group recognized foreign exchange loss of \$2,059.

#### *Year ended December 31, 2021*

During the year ended December 31, 2021, the Group incurred \$139,718 in consulting and management fees, \$49,002 in professional fees, and \$90,278 in general and administrative expenses. The Group recognized foreign exchange loss of \$7,806.

During the year ended December 31, 2020, the Group incurred \$172,212 in consulting and management fees, \$39,884 in professional fees, and \$175,797 in general and administrative expenses. The Group recognized foreign exchange loss of \$19,243 during the year.

General and administrative expenses consist of computer expenses, insurance, rent, telecommunications, office expenses and administrative services related to maintaining the Group's exchange listing and complying with securities regulations.

The decrease in operating expenses during the year compared to the prior year was due to decreased corporate activity.

## RISKS AND UNCERTAINTIES

In conducting its business, the Group faces a number of risks and uncertainties related to the mineral exploration industry. Some of these risk factors include risks associated with land titles, exploration and development, government and environmental regulations, permits and licenses, competition, dependence on key personnel, fluctuating mineral and metal prices, the requirement and ability to raise additional capital through future financings and price volatility

of publicly traded securities.

### ***Title Risks***

Although the Group has exercised due diligence with respect to determining title to the properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. Third parties may have valid claims underlying portions of the Group's interests, and the permits or tenures may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects. If a title defect exists, it is possible that the Group may lose all or part of its interest in the properties to which such defects relate.

### ***Exploration and Development***

Resource exploration and development is a highly speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. Substantial expenses are required to establish reserves by drilling, sampling and other techniques and to design and construct mining and processing facilities. Whether a mineral deposit will be commercially viable depends on a number of factors, including the particular attributes of the deposit (i.e. size, grade, access and proximity to infrastructure), financing costs, the cyclical nature of commodity prices and government regulations (including those relating to prices, taxes, currency controls, royalties, land tenure, land use, importing and exporting of minerals, and environmental protection). The effect of these factors or a combination thereof cannot be accurately predicted but could have an adverse impact on the Group.

### ***Environmental Regulations, Permits and Licenses***

The Group's operations may be subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas that would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner that means standards are stricter, and enforcement, fines and penalties for noncompliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. We intend to comply fully with all environmental regulations.

The current or future operations of the Group, including development activities and commencement of production on our properties, require permits from various federal, state or territorial and local governmental authorities, and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Such operations and exploration activities are also subject to substantial regulation under applicable laws by governmental agencies that may require that we obtain permits from various governmental agencies. There can be no assurance, however, that all permits that the Group may require for the operations and exploration activities will be obtainable on reasonable terms or on a timely basis or that such laws and regulations will not have an adverse effect on any mining project which the Group might undertake.

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 mining operations may be required to compensate those suffering loss or damage by reason of mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

### ***Competition***

The mining industry is intensely competitive in all its phases, and the Group competes with other companies that have greater financial and technical resources. Competition could adversely affect the Group's ability to acquire suitable

properties or prospects in the future.

### ***Dependence on Key Personnel***

The success of the Group is currently largely dependent on the performance of the directors and officers. There is no assurance that the Group will be able to maintain the services of the directors and officers or other qualified personnel required to operate its business. The loss of the services of these persons could have a material adverse effect on the Group and the prospects.

### ***Fluctuating Mineral and Metal Prices***

Factors beyond our control may affect the marketability of metals discovered, if any. Metal prices have fluctuated widely, particularly in recent years. The effect of these factors on the exploration activities cannot be predicted. For example, gold prices are affected by numerous factors beyond the Group's control, including central bank sales, producer hedging activities, the relative exchange rate of the U.S. dollar with other major currencies, global and regional demand and political and economic conditions. Worldwide gold production levels also affect gold prices. In addition, the price of gold has on occasion been subject to rapid short-term changes due to speculative activities.

### ***Future Financings***

The Group's continued operation will be dependent upon the ability to generate operating revenues and to procure additional financing. There can be no assurance that any such revenues can be generated or that other financing can be obtained on acceptable terms. Failure to obtain additional financing on a timely basis may cause the Group to postpone development plans, forfeit rights in some or all of the properties or joint ventures, or reduce or terminate some or all of the operations.

### ***Price Volatility of Publicly Traded Securities***

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Company's common shares will be subject to market trends and conditions generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings. The value of securities distributed hereunder will be affected by market volatility.

Readers should review the more detailed discussion of such risk factors set out in the Group's Long Form Prospectus under the heading "Risk Factors", which is filed on SEDAR and may be found at [www.sedar.com](http://www.sedar.com).

## **SUMMARY OF QUARTERLY RESULTS**

The following table sets forth selected quarterly consolidated financial information for each of the last eight quarters with the figures for each quarter in US dollars.

	Foreign Exchange Gain / (Loss)	Net Income (Loss)	Net Income (Loss) per Share (basic & fully diluted)
	\$	\$	\$
<b>2021</b>			
Fourth Quarter	16,180	(50,323)	(0.00)
Third Quarter	13,130	(84,316)	(0.00)
Second Quarter	(9,016)	(113,875)	(0.00)
First Quarter	(12,488)	(48,198)	(0.00)
<b>2020</b>			
Fourth Quarter (restated)	(2,059)	(202,591)	(0.00)

	Foreign Exchange Gain / (Loss)	Net Income (Loss)	Net Income (Loss) per Share (basic & fully diluted)
	\$	\$	\$
Third Quarter	(3,017)	(30,056)	(0.00)
Second Quarter	(11,931)	(46,961)	(0.00)
First Quarter	(2,236)	(51,671)	(0.00)

The net loss in the fourth quarter of 2021 was mainly due to the Group's operational activity offset by foreign exchange gain of \$16,180 during the quarter.

The net loss in the third quarter of 2021 was mainly due to the Company's operational activity offset by foreign exchange gain of \$13,130 during the quarter.

The net loss in the second quarter of 2021 was mainly due to the Company's operational activity and foreign exchange loss of \$9,016 during the quarter.

The net loss in the first quarter of 2021 was mainly due to the Company's operational activity during the quarter.

The net loss in the fourth quarter of 2020 was mainly due to the Group's operational activity during the quarter, as well as a correction of a prior year misstatement of accounts payable as noted in Note 16 to Group's Financial Statements.

The net loss in the third quarter of 2020 was mainly due to the Group's operational activity and foreign exchange loss of \$3,017 during the quarter.

The net loss in the second quarter of 2020 was mainly due to the Group's operational activity and foreign exchange loss of \$11,931 during the quarter.

The net loss in the first quarter of 2020 was mainly due to the Group's operational activity and foreign exchange loss of \$2,236 during the quarter.

## **LIQUIDITY AND CAPITAL RESOURCES**

The Group relies on equity financings for its working capital requirements and to fund its planned exploration and development activities. Management ensures the Group has sufficient cash in its treasury to maintain underlying option payments and keep claims in good standing.

During the year ended December 31, 2021, the Group's decrease in cash net of effects of foreign exchange, was \$63,375. Working capital deficit as at December 31, 2021 was \$314,203.

During the year ended December 31, 2020, the Group's increase in cash net of effects of foreign exchange, was \$118,704. Working capital deficit as at December 31, 2020 was \$411,075.

## **OFF-BALANCE SHEET ARRANGEMENTS**

The Group has no undisclosed off-balance sheet arrangements or off-balance sheet financing structures in place.

## **RELATED PARTY TRANSACTIONS**

The Group entered into the following transactions with related parties:

- a) Paid accounting and administration services of \$nil (2020 - \$35,832) to companies controlled by the former CFO of the Group. At December 31, 2021, the amount payable to the companies and included in accounts payable (note 6) was \$158,733 (2020 - \$151,637). The former CFO has agreed not to call on this balance to the detriment of the Group's going concern position.

- b) Paid or accrued consulting fees of \$13,345 (2020 - \$125,695) to a company controlled by CEO of the Group. At December 31, 2021, an amount of \$nil (2020 - \$58,313) was owing to a company controlled by CEO of the Group.
- c) Paid or accrued accounting and administration services of \$8,957 (2020 - \$6,938) to a company controlled by the CFO of the Group. At December 31, 2021, the amount payable to the companies was \$12,335 (2020 - \$6,167). The CFO has agreed not to call on this balance to the detriment of the Group's going concern position.
- d) As at December 31, 2021, an amount of \$19,000 (2020 - \$19,000) was owing to Evan Jones, director and former CEO of the Group. Evan Jones has agreed not to call on this balance to the detriment of the Group's going concern position.
- e) As at December 31, 2021 an amount of \$49,942 (2020 - \$nil) was owing to John Jones, chairman of the Group and a company controlled by him. John Jones has agreed not to call on this balance to the detriment of the Group's going concern position.
- f) During the year, the Group paid rental fees to a company controlled by John Jones, chairman of the Group.
- g) As at December 31, 2021 an amount of \$19,987 (2020 - \$3,391) was owing to a company controlled by Brian Cole, director of the Group. Brian Cole has agreed not to call on this balance to the detriment of the Group's going concern position.
- h) At December 31, 2021, an amount receivable of \$nil (2020 - \$10,617) and an amount payable of \$nil (2020 - \$75,116) were due to companies with directors and officers in common.

These transactions were incurred in the normal course of operations. The payables are non-interest bearing and whist due on demand, all related parties as noted above have agreed not to call on any balances to the detriment of the Group's going concern position.

#### **Key Management Personnel:**

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Group as a whole. The Group has determined that key management personnel consist of executive and non-executive members of the Group's Board of Directors and corporate officers. The remuneration of directors and other members of key management personnel during the years ended December 31, 2021 and 2020 are as follows:

	2021	2020 (restated)
Management and consulting fees	\$ 64,137	\$ 161,528
	\$ 64,137	\$ 161,528

#### **CONTRACTUAL AND OTHER OBLIGATIONS**

At the present time, there are no contractual and other obligations that should be disclosed.

#### **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

The Group's accounting policies are described in Note 3 to the consolidated financial statements for the year ended December 31, 2021. Management considers the following to be the most critical in understanding the judgments that are involved in preparing the Group's consolidated financial statements and the uncertainties that could impact its results of operations, financial condition and future cash flow.

### ***Exploration and Evaluation Assets***

The Group records exploration and evaluation asset interests, which consist of the right to explore for mineral deposits, at cost. The Group records deferred exploration costs, which consist of costs attributable to the exploration of exploration and evaluation asset interests, at cost. All direct and indirect costs relating to the acquisition and exploration of these exploration and evaluation asset interests are capitalized on the basis of specific claim blocks until the exploration and evaluation asset interests to which they relate are placed into production, the exploration and evaluation asset interests are disposed of through sale or where management has determined there to be an impairment. If an exploration and evaluation asset interest is abandoned, the exploration and evaluation asset interests and deferred exploration costs will be written off to operations in the period of abandonment.

On an ongoing basis, the capitalized costs are reviewed on a property-by-property basis to consider if there is any impairment on the subject property. Management's determination for impairment is based on: 1) whether the Group's exploration programs on the exploration and evaluation asset interests have significantly changed, such that previously identified resource targets are no longer being pursued; 2) whether exploration results to date are promising and whether additional exploration work is being planned in the foreseeable future; or 3) whether remaining lease terms are insufficient to conduct necessary studies or exploration work.

The recorded cost of exploration and evaluation asset interests is based on cash paid and the assigned value of share consideration issued (where shares are issued) for exploration and evaluation asset interest acquisitions and exploration costs incurred. The recorded amount may not reflect recoverable value, as this will be dependent on future development programs, the nature of the mineral deposit, commodity prices, adequate funding and the ability of the Group to bring its projects into production.

### ***Impairment of Long-Lived Assets***

At the end of each reporting period, the Group's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's-length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

### ***Use of Estimates***

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of estimates include the carrying value and recoverability of exploration and evaluation assets, inputs used in the calculation of share-based compensation and agents' warrants and the valuation allowance applied to future income taxes. Actual results could differ from those estimates, and would impact future results of operations and cash flows.

### ***Share-based Compensation***

The stock option plan allows Group employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Consideration paid on the exercise of stock options is

credited to share capital and the fair value of the options is reclassified from contributed surplus to share capital.

The fair value is measured at grant date and each tranche is recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the number of stock options that are expected to vest.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in the statement of loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

## ***Financial Instruments***

### ***Classification***

The Group classifies its financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Group determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Group's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Group has opted to measure them at FVTPL.

### ***Measurement***

#### **Financial assets at FVTOCI**

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

#### **Financial assets and liabilities at amortized cost**

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

#### **Financial assets and liabilities at FVTPL**

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed through profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are recorded through profit or loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTOCI, any changes associated with the Group's own credit risk will be recognized in other comprehensive income (loss).

### ***Impairment of financial assets at amortized cost***

The Group recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Group measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset's credit risk has not increased significantly since initial recognition, the Group

measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Group shall recognize in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

### ***Derecognition***

#### Financial assets

The Group derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in profit or loss. However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

#### Financial liabilities

The Group derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

## **FINANCIAL INSTRUMENTS**

The Group's risk exposures and the impact on the Group's consolidated financial instruments are summarized below:

### *Credit Risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The Group's cash is held at a large Canadian financial institution and its reclamation bonds are held at the BLM. The Group has no investment in asset backed commercial paper. The Group's receivables consist of sales tax receivable due from the Government of Canada and due from related parties. The Group believes it has no significant credit risk.

### *Liquidity Risk*

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2021, the Group had a cash balance of \$74,312 (2020 - \$137,687) to settle current liabilities of \$442,497 (2020 - \$566,255). As disclosed in Note 1 of the consolidated financial statements, the Group will need to raise additional funds to meet its obligations as they become due. The Group has liquidity risk.

### *Market Risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and commodity and equity prices and foreign currency fluctuations.

#### *a) Interest Rate Risk*

The Group has cash balances. The Group's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Group periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

#### *b) Foreign Currency Risk*

The Group is exposed to foreign currency risk on fluctuations related to cash and cash equivalents, taxes receivable, and accounts payable and accrued liabilities that are denominated in Canadian dollars. The Group does not believe it is exposed to significant foreign currency risk.

#### *c) Price Risk*

The Group is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Group's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse

impact on earnings and economic value due to commodity price movements and volatilities. The Group closely monitors commodity prices of gold and copper, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Group.

#### *Sensitivity Analysis*

The Group operates in the United States and is exposed to risk from changes in the Canadian dollar. A simultaneous 10% fluctuation in the Canadian dollar and Australian dollar against the US dollar would affect accumulated other comprehensive income (loss) for the year by approximately \$22,197 (2020 - \$13,666).

#### **OUTSTANDING SHARE DATA**

The authorized capital of the Group consists of an unlimited number of common shares and an unlimited number of preferred shares. No preferred shares have been issued to date. An aggregate of 13,929,095 common shares were issued and outstanding as of the date of this MD&A.

The Group has 53,126,013 share purchase warrants outstanding as of the date of this MD&A, with the number of shares issuable on exercise of such warrants being subject to adjustment following the Consolidation (as defined below).

The Group has 3,500,000 share options outstanding as of the date of this MD&A, with the number of shares issuable on exercise of such options being subject to adjustment following the Consolidation (as defined below).

#### **SUBSEQUENT EVENTS**

On March 15, 2022, the Company consolidated its issued and outstanding common shares at a ratio of ten (10) pre-consolidation common shares to one (1) post-consolidation common shares (the "Consolidation"). Prior to implementing the Consolidation, the Company had 139,290,890 common shares issued and outstanding and immediately after implementing the Consolidation, the Company had 13,929,095 common shares issued and outstanding.

On May 3, 2022, Paul Stephen resigned as a director, CEO and Corporate Secretary of the Company, Kerry Griffin was appointed Interim CEO and Brian Cole was appointed Corporate Secretary.

On May 11, 2022, Robert Williams resigned as CFO of the Company and Brian Cole was appointed CFO.