

**JOINT INFORMATION CIRCULAR**

**OF**

**NORTHWAY RESOURCES CORP.**

**AND**

**KENORLAND MINERALS LTD.**

**FOR MEETINGS OF SHAREHOLDERS**

**TO BE HELD**

**on December 29, 2020**

**With respect to a Proposed Reverse Take-Over**

November 27, 2020

*Neither the TSX Venture Exchange Inc. nor any securities regulatory authority has in any way passed upon the merits of the Transaction described in this joint information circular.*

**Northway Resources Corp.**

November 27, 2020

Dear Shareholders:

You are cordially invited to attend the special general meeting (the “**Meeting**”) of the holders of common shares of Northway Resources Corp. (the “**Company**”). The Meeting will be held on December 29, 2020 at 10:00 a.m. (Vancouver time). Due to the COVID-19 pandemic and to mitigate health and safety risks for shareholders, employees and other stakeholders and in compliance with Ministerial Order No. M116 under the *Emergency Program Act* (British Columbia), the Meeting will be held in a virtual format via live webcast and telephone.

At the Meeting, you will be asked, among other things to consider and, if thought fit, to pass, with or without variation, an ordinary resolution approving the acquisition by the Company of all of the issued and outstanding shares of Kenorland Minerals Ltd. (the “**Transaction**”), via a three corner amalgamation between a wholly subsidiary of the Company incorporated for the purposes of completing the Transaction and Kenorland (the “**Amalgamation**”).

Immediately prior to the completion of the Transaction, the Company will consolidate all of its common shares on a seven (7) old for one (1) new basis (the “**Consolidation**”). In addition, pursuant to the Amalgamation, the common shares of Kenorland will be exchanged for post-Consolidation common shares of the Company on a 1-for-2 basis. Following the Transaction, the Company, as the resulting issuer (the “**Resulting Issuer**”) will continue to hold its interests in the Healy and Napoleon projects, located in Alaska, but will also hold Kenorland’s interests in a portfolio of properties located in the United States and Canada, including the Frotet project, located in Quebec.

**The Board of Directors of the Company unanimously believes that the Transaction is in the best interests of the Company and its shareholders, and unanimously recommends that you vote in favour of the resolutions relating to the Transaction.** The Transaction must be approved by (a) a simple majority of the votes cast at the Meeting, and (b) a majority of the votes cast at the Meeting, following the exclusion of votes held by Kenorland. Without the required level of shareholder approval, the proposed Transaction cannot be completed. Completion of the Transaction is also subject to certain required regulatory approvals, including the approval of the TSX Venture Exchange, and other customary closing conditions, all of which are described in more detail in the Circular.

Details of the Transaction and its effects, as well as information concerning Kenorland and the Resulting Issuer are contained in the information circular accompanying this letter, and reference should be made to that document for complete information.

It is important that your shares be represented at the Meeting. Whether or not you are able to attend in person, your representation will be assured if you complete, sign and date the enclosed proxy form and return it in the envelope provided.

Yours sincerely,

“Zachary Flood”  
Zachary Flood  
President and Chief Executive Officer  
NORTHWAY RESOURCES CORP.

## Kenorland Minerals Ltd.

November 27, 2020

Dear Shareholders:

You are cordially invited to attend the special meeting (the “**Meeting**”) of the holders of common shares of Kenorland Minerals Ltd. (“**Kenorland**”). The Meeting will be held on December 29, 2020 at 10:30 a.m. (Vancouver time). Due to the COVID-19 pandemic and to mitigate health and safety risks for shareholders, employees and other stakeholders and in compliance with Ministerial Order No. M116 under the *Emergency Program Act* (British Columbia), the Meeting will be held in a virtual format via live webcast and telephone.

At the Meeting, you will be asked, among other things to consider and, if thought fit, to pass, with or without variation, a special resolution approving the amalgamation (the “**Amalgamation**”) under Section 269 of the *Business Corporations Act* (British Columbia) involving Northway Resources Corp. (“**Northway**”), Kenorland and 1265114 B.C. Ltd. (“**Newco**”), a wholly-owned subsidiary of Northway by way of a three corner amalgamation between Newco and Kenorland (the “**Transaction**”).

Immediately prior to the completion of the Transaction, Northway will consolidate all of its common shares on a seven (7) old for one (1) new basis (the “**Consolidation**”). In addition, pursuant to the Amalgamation, the common shares of Kenorland will be exchanged for post-Consolidation common shares of Northway on a 1-for-2 basis.

**The Board of Directors of Kenorland unanimously believes that the Transaction is in the best interests of Kenorland and its shareholders, and unanimously recommends that you vote in favour of the resolutions relating to the Transaction.** The Transaction must receive the approval of at least two-thirds ( $\frac{2}{3}$ ) of the Kenorland Shareholders who vote in person or by proxy. Without the required level of shareholder approval, the proposed Transaction cannot be completed. Completion of the Transaction is also subject to certain required regulatory approvals, including the approval of the TSX Venture Exchange, and other customary closing conditions, all of which are described in more detail in the information circular (the “**Circular**”) accompanying this letter.

Details of the Transaction and its effects, as well as information concerning Northway and the Resulting Issuer are contained in the Circular accompanying this letter, and reference should be made to that document for complete information.

It is important that your shares be represented at the Meeting. Whether or not you are able to attend in person, your representation will be assured if you complete, sign and date the enclosed proxy form and return it in the manner as set out in the enclosed proxy form.

Yours sincerely,

“Zachary Flood”

Zachary Flood

President and Chief Executive Officer  
KENORLAND MINERALS LTD.

**NORTHWAY RESOURCES CORP.**

**NOTICE OF SPECIAL GENERAL MEETING  
OF SHAREHOLDERS**

NOTICE IS HEREBY GIVEN that the special general meeting (the “**Meeting**”) of shareholders of NORTHWAY RESOURCES CORP. (the “**Company**”) will be held virtually, on Tuesday December 29, 2020, at the hour of 10:00 a.m. (Vancouver time) for the following purposes:

1. To consider, and, if deemed advisable, to pass, with or without variation, an ordinary resolution (the “**Northway Resolution**”) to be approved by a majority of the minority shareholders of the Company, the full text of which is set out in the joint information circular accompanying this Notice (the “**Circular**”), to approve the acquisition of all of the issued and outstanding securities of Kenorland Minerals Ltd. (the “**Transaction**”), all as more particularly described in the Circular;
2. To consider and, if deemed appropriate, pass a resolution confirming, ratifying and approving the long-term equity incentive plan of the Company;
3. To consider and, if deemed appropriate, pass a resolution confirming, ratifying and approving amendments to the stock option plan of the Company; and
4. To consider other matters, including without limitation such amendments or variations to any of the foregoing resolutions, as may properly come before the Meeting or any adjournment thereof.

The text of the Northway Resolution is set forth in Schedule “A” to the Circular. In order to become effective, the Northway Resolution must be approved by (a) a simple majority of the votes cast by the shareholders of the Company, present in person or by proxy, at the Meeting and (b) a majority of the votes cast by minority shareholders of the Company, present in person or by proxy, at the Meeting. The Transaction will be completed pursuant to an amalgamation agreement between the Company and Kenorland Minerals Ltd. dated September 14, 2020, a copy of which is available under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

The text of the resolutions related to the proposed long terms incentive plan for the Company and the amendments to the Company’s stock option plan are found with the Circular at “*Particulars of Matters to be Acted Upon*”. In order to become effective, such resolutions must be approved by a simple majority of the votes cast by the shareholders of the Company, present in person or by proxy, at the Meeting.

Details of the Transaction and its effects, as well as information concerning Kenorland and proposed resulting issuer following the Transaction are contained in the Circular, and reference should be made to that document for complete information.

Only holders of record of common shares of the Company at the close of business on November 16, 2020, will be entitled to vote in respect of the matters to be voted on at the Meeting or any adjournment thereof.

In light of the ongoing public health concerns related to COVID-19, and based on government recommendations to avoid large gatherings, the Company will not be permitting attendance in person. Shareholders are urged to vote on the matters before the Meeting by proxy and to listen to the Meeting online. Registered shareholders or proxyholders representing registered shareholders participating in the Meeting virtually will be considered to be present in person at the Meeting for the purposes of determining quorum. Non-registered shareholders who have not duly appointed themselves as a proxyholder will be able to attend the Meeting as a guest, but will not be able to vote at the Meeting.

Shareholders will have two options to access the Meeting, being via teleconference or through the Zoom application, which requires internet connectivity. Shareholders wishing to vote in person will need to utilize the Zoom application but any shareholder may listen to the Meeting via teleconference. Shareholders participating via teleconference will not be able to vote in person at the Meeting as the Company’s scrutineer must take steps to verify the identity of shareholders or proxyholders using the video features.



In order to dial into the Meeting, shareholders will phone 1-778-907-2071 and enter the Meeting ID and Password noted below.

In order to access the Meeting through Zoom, shareholders will need to download the application onto their computer or smartphone and then once the application is loaded, enter the Meeting ID and Password below or open the following link:

<https://us02web.zoom.us/j/89745568058?pwd=c3J5WlJtTHFsbkRySmFOMmhTbjcyZz09>

Shareholders will have the option through the application to join the video and audio or simply view and listen.

Meeting ID: 897 4556 8058

Password: 448075

Your vote is important regardless of the number of common shares of the Company you own. Shareholders who are unable to attend the Meeting in person are asked to sign, date and return the enclosed form of proxy relating to the common shares of the Company held by them in the envelope provided for that purpose.

To be effective, the proxy must be duly completed and signed and then deposited by mail to of Computershare Investor Services (Attention: Proxy Department) at 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, in the enclosed self-addressed envelope, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the time of the Meeting, or any adjournment thereof. An instrument of proxy may also be voted using a touch-tone telephone at 1-866-732-VOTE (8683). Alternatively, a registered shareholder can complete internet voting by logging on at [www.investorvote.com](http://www.investorvote.com) and entering the CONTROL NUMBER located on the address box of the shareholder's instrument of proxy.

DATED at Vancouver, British Columbia, this 27th day of November, 2020.

**NORTHWAY RESOURCES CORP.**

**By Order of the Board**

*“Zachary Flood”*

Zachary Flood,  
President and Chief Executive Officer

**KENORLAND MINERALS LTD.**

**NOTICE OF SPECIAL MEETING  
OF SHAREHOLDERS**

NOTICE IS HEREBY GIVEN that the special meeting (the “**Meeting**”) of shareholders of KENORLAND MINERALS LTD. (the “**Company**”) will be held virtually, on Tuesday, December 29, 2020, at the hour of 10:30 a.m. (Vancouver time) for the following purposes:

1. To consider, and, if deemed advisable, to pass, with or without variation, a special resolution (the “**Kenorland Resolution**”) to be approved by at least two-thirds ( $\frac{2}{3}$ ) of the votes cast by the shareholders of the Company, present in person or by proxy, at the Meeting, the full text of which is set out in the joint information circular accompanying this Notice (the “**Circular**”), to approve the amalgamation (the “**Amalgamation**”) under Section 269 of the *Business Corporations Act* (British Columbia) (the “**BCBCA**”) involving Northway Resources Corp. (“**Northway**”), the Company and 1265114 B.C. Ltd. (“**Newco**”), a wholly-owned subsidiary of Northway, pursuant to the terms and conditions contained in the amalgamation agreement dated September 14, 2020 (as the same may be or has been modified or amended) (the “**Amalgamation Agreement**”), all as more particularly described in the Circular (the “**Transaction**”); and
2. To consider other matters, including without limitation such amendments or variations to any of the foregoing resolutions, as may properly come before the Meeting or any adjournment thereof.

The text of the Kenorland Resolution is set forth in Schedule “B” to the Circular. In order to become effective, the Kenorland Resolution must receive the approval of at least two-thirds ( $\frac{2}{3}$ ) of the Kenorland Shareholders who vote in person or by proxy. The Transaction will be completed pursuant to an Amalgamation Agreement, a copy of which is available under Northway’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

Details of the Transaction and its effects, as well as information concerning Northway and the Resulting Issuer following the Transaction are contained in the Circular, and reference should be made to that document for complete information.

Only holders of record of common shares of the Company at the close of business on November 16, 2020, will be entitled to vote in respect of the matters to be voted on at the Meeting or any adjournment thereof.

In light of the ongoing public health concerns related to COVID-19, and based on government recommendations to avoid large gatherings, the Company will not be permitting attendance in person. Shareholders are urged to vote on the matters before the Meeting by proxy and to listen to the Meeting online. Registered shareholders or proxyholders representing registered shareholders participating in the Meeting virtually will be considered to be present in person at the Meeting for the purposes of determining quorum. Non-registered shareholders who have not duly appointed themselves as a proxyholder will be able to attend the Meeting as a guest, but will not be able to vote at the Meeting.

Shareholders will have two options to access the Meeting, being via teleconference or through the Zoom application, which requires internet connectivity. Shareholders wishing to vote in person will need to utilize the Zoom application but any shareholder may listen to the Meeting via teleconference. Shareholders participating via teleconference will not be able to vote in person at the Meeting as the Company’s scrutineer must take steps to verify the identity of shareholders or proxyholders using the video features.

In order to dial into the Meeting, shareholders will phone 1-778-907-2071 and enter the Meeting ID and Password noted below.

In order to access the Meeting through Zoom, shareholders will need to download the application onto their computer or smartphone and then once the application is loaded, enter the Meeting ID and Password below or open the following link:

<https://us02web.zoom.us/j/89745568058?pwd=c3J5WlJtTHFsbkRySmFOMmhTbjcyZz09>

Shareholders will have the option through the application to join the video and audio or simply view and listen.

Meeting ID: 897 4556 8058

Password: 448075

Your vote is important regardless of the number of common shares of the Company you own. Shareholders are encouraged to sign, date and return the enclosed form of proxy relating to the common shares of the Company held by them to Kenorland Minerals Ltd. c/o Osler, Hoskin & Harcourt LLP, Suite 1700 – 1055 West Hastings Street, Vancouver, British Columbia, V6E 2E9, Fax. (778) 785-2745, Email: ahutchison@osler.com / nladeur@osler.com, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the time of the Meeting, or any adjournment thereof.

DATED at Vancouver, British Columbia, this 27th day of November, 2020.

**KENORLAND MINERALS LTD.**

**By Order of the Board**

*“Zachary Flood”*

Zachary Flood,  
President and Chief Executive Officer

## JOINT INFORMATION CIRCULAR

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## INTRODUCTION

**This Circular is furnished in connection with the solicitation of proxies by the management of Northway and Kenorland for use at the Meetings to be held on December 29, 2020, and any adjournment or postponement thereof. No person has been authorized to give any information or make any representations in connection with the Transaction or other matters to be considered at the Meetings, other than those contained in this Circular and if given or made, any such information or representation must not be relied upon as having been authorized.**

This Circular does not constitute an offer to sell, or a solicitation of an offer to acquire, any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer of proxy solicitation. Neither the delivery of this Circular nor any distribution of securities referred to herein shall, under any circumstances, create any implication that there has been no change in the information set forth herein since the date of this Circular.

The Transaction has not been approved or disapproved by any securities regulatory authority, nor has any securities regulatory authority passed upon the fairness or merits of the Transaction or upon the accuracy or adequacy of the information contained in this Circular and any representation to the contrary is unlawful.

No broker, dealer, salesperson or other person has been authorized to give any information or make any representation other than those contained in this Circular and, if given or made, such information or representation must not be relied upon as having been authorized by Northway, Kenorland or the Resulting Issuer

**The information concerning Northway contained in this Circular has been provided by Northway for inclusion in this Circular. Although Kenorland has no knowledge that would indicate that any of such information is untrue or incomplete, neither Kenorland nor its officers or directors assume any responsibility for the accuracy or completeness of such information or the failure by Northway to disclose events which may have occurred or may affect the completeness or accuracy of such information but which are unknown to Kenorland. Conversely, the information concerning Kenorland contained in this Circular has been provided by Kenorland for inclusion in this Circular. Although Northway has no knowledge that would indicate that any of such information is untrue or incomplete, neither Northway nor its officers or directors assume any responsibility for the accuracy or completeness of such information or the failure by Kenorland to disclose events which may have occurred or may affect the completeness or accuracy of such information but which are unknown to Northway.**

All capitalized terms used in this Circular but not otherwise defined herein have the meanings set forth herein under “*Glossary of Terms*”.

## NOTICE TO U.S. SHAREHOLDERS

**THE SECURITIES ISSUABLE IN CONNECTION WITH THE TRANSACTION HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR SECURITIES REGULATORY AUTHORITIES IN ANY STATE, NOR HAS THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES REGULATORY AUTHORITIES OF ANY STATE PASSED ON THE ADEQUACY OR ACCURACY OF THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

The Resulting Issuer Shares to be issued pursuant to the Transaction have not been registered under the 1933 Act and will be issued in reliance on an exemption from the registration requirements thereunder and exemptions from applicable securities laws.

The solicitation of proxies by Northway and Kenorland is not subject to the requirements of the 1934 Act by virtue of an exemption applicable to proxy solicitations by foreign private issuers (as defined in a rule under the 1934 Act).

Accordingly, this Circular has been prepared in accordance with the applicable disclosure requirements in Canada, which are different from the requirements applicable to proxy solicitations under the 1934 Act.

The financial statements and other financial information included or incorporated by reference in this Circular have been prepared in accordance with IFRS and are subject to Canadian auditing and auditor independence standards and thus may not be comparable to financial statements prepared in accordance with United States generally accepted accounting principles and United States auditing and auditor independence standards.

**Shareholders should be aware that the acquisition by Kenorland Shareholders of Resulting Issuer Shares, pursuant to the Transaction described herein may have tax consequences in both the United States and Canada. United States Shareholders and other non-resident Kenorland Shareholders are advised to consult their tax advisors to determine the particular tax consequences to them of the Transaction.**

The enforcements by investors of civil liabilities under the United States securities laws may be affected adversely by the fact that Northway and Kenorland are organized under the laws of a jurisdiction outside the United States, that most, if not all, of their officers and directors are residents of countries other than the United States, that the experts named in this Circular are residents of countries other than the United States, and that all or a substantial portion of the assets of the Resulting Issuer may be located outside the United States. As a result, it may be difficult or impossible for U.S. Shareholders to effect service of process within the United States upon Northway, Kenorland or their respective officers or directors or the experts named herein, or to realize against them upon judgments of courts of the United States predicated upon civil liabilities under the federal securities laws of the United States or “blue sky” laws of any state within the United States. In addition, U.S. Shareholders should not assume that the courts of Canada: (a) would enforce judgments of United States courts obtained in actions against such persons predicated upon civil liabilities under the federal securities laws of the United States or “blue sky” laws of any state within the United States; or (b) would enforce, in original actions, liabilities against such persons predicated upon civil liabilities under the federal securities laws of the United States or “blue sky” laws of any state within the United States.

## FORWARD LOOKING STATEMENTS

The information provided in this Circular, including information incorporated by reference, may contain “forward-looking statements” (collectively referred to hereafter as “**forward-looking statements**”) about the Northway, Kenorland or the Resulting Issuer. In addition, Northway and Kenorland may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Resulting Issuer in connection with the Transaction that are not statements of historical fact and may also constitute forward-looking statements.

All statements, other than statements of historical fact, made by Northway or Kenorland that address activities, events or developments that Northway or Kenorland expect or anticipate will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as “may”, “will”, “would”, “could”, “should”, “believes”, “estimates”, “projects”, “potential”, “expects”, “plans”, “intends”, “anticipates”, “targeted”, “continues”, “forecasts”, “designed”, “goal”, or the negative of those words or other similar or comparable words. Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments.

These statements speak only as of the date they are made and are based on information currently available and on the then current expectations of Northway and Kenorland and assumptions concerning future events. Forward-looking statements are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements. Some of the important risks and uncertainties that could affect forward-looking statements are described further under the headings “*Risk Factors*” and in other documents incorporated by reference in this Circular.

In particular, this Circular contains forward-looking statements pertaining to the following:



- the terms, conditions and completion of the Transaction and Financing;
- the Closing Date;
- use of proceeds from the Financing;
- the obtaining of all required regulatory approvals in connection with the Transaction and Financing;
- the potential benefits of the Transaction;
- expectations regarding the Resulting Issuer's ability to raise capital;
- the likelihood of the Transaction being completed;
- statements relating to the business and future activities of, and developments related, to the Resulting Issuer after the date of this Circular and thereafter;
- liquidity of the Resulting Issuer Shares after the Closing Date;
- requirements for additional capital and the ability of the Resulting Issuer to develop its mineral properties;
- anticipated developments in operations of the Resulting Issuer;
- the future price of metals;
- currency fluctuations;
- costs and timing of exploration and development and capital expenditures related thereto;
- estimates of expected or anticipated economic returns from a mining project, as reflected in feasibility studies or other reports prepared in relation to development of projects operating expenditures;
- permitting timelines;
- success of exploration activities of the Resulting Issuer; and
- estimated exploration budgets of the Resulting Issuer.

Forward-looking statements are based on certain assumptions and analyses made by Northway and Kenorland in light of the experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate and are subject to risks and uncertainties. In making the forward-looking statements included in this prospectus, Northway and Kenorland have made various material assumptions, including but not limited to (i) obtaining necessary regulatory approvals; (ii) that regulatory requirements will be maintained; (iii) general business and economic conditions including that financial markets will not in the long term be adversely impacted by the COVID-19 pandemic; (iv) the Resulting Issuer's ability to successfully execute its plans and intentions; (v) the availability of financing on reasonable terms; (vi) the Resulting Issuer's ability to attract and retain skilled staff; (vii) the accuracy of the interpretation of drilling and other results on the Resulting Issuer's mineral projects; (viii) anticipated results of exploration activities and (ix) predictable changes to market prices for copper and gold and other predicted trends regarding factors underlying the market for such products.

The actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this Circular:

- the transaction contemplated by the amalgamation agreement between the Kenorland and Northway is subject to a number of conditions and there is no assurance the transaction will be completed on the terms contemplated in the Amalgamation Agreement;
- the possibility that exploration results will not be consistent with the Resulting Issuer's expectations;
- exploration and development of mineral properties may not lead to the development of producing mines;
- none of Kenorland, Northway or the Resulting Issuer have a history of mineral production;
- limited operating history and negative operating cash flow;
- the Resulting Issuer will have limited resources with which to achieve its goals and business plan;
- there may be a need for additional financing in the near future;
- dependence on management and conflicts of interest;
- liabilities inherent in mineral exploration companies;
- fluctuations in commodity prices and currency and interest rates;
- competition in the mineral exploration industry;
- environmental risks;
- risks relating to global financial and economic conditions;
- risk related to the COVID-19 pandemic;
- alteration of tax regimes and treatments;
- failure to realize the benefits of the Transaction and any future acquisitions;
- incorrect assessments of the value of acquisitions;
- the exploration of mineral properties involves certain operating hazards and uninsurable risks;

- publicly traded securities can have significant price volatility;
- the Resulting issuer will depend on key employees for achieving its goals and will depend on attracting and retaining qualified personnel;
- there is a possibility the Resulting Issuer will lose one or more of its interests in its exploration properties;
- the requirement of attaining and maintain a variety of permits and licenses in connection with mining laws;
- the Resulting Issuer will depend on outside parties for the performance of certain of its operations;
- other factors discussed under “*Risk Factors*” below.

Consequently, all forward-looking statements made in this Circular and other documents of Northway and Kenorland are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on Northway and Kenorland. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that Northway and Kenorland and/or persons acting on their behalf may issue. Northway and Kenorland undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required by applicable securities laws. For all these reasons, shareholders should not place undue reliance on forward-looking statements

### **DOCUMENTS INCORPORATED BY REFERENCE**

The following documents filed on SEDAR by Northway with securities commissions or similar authorities in Canada, are specifically incorporated by reference into, and form an integral part of, this Circular:

1. The following sections of the Healy Report:
  - (a) Property Description and Location;
  - (b) Accessibility, Climate, Local Resources, Infrastructure and Physiography;
  - (c) History;
  - (d) Geological Setting and Mineralization;
  - (e) Deposit Types;
  - (f) Exploration;
  - (g) Drilling;
  - (h) Sample Preparation, Analyses and Security;
  - (i) Data Verification;
  - (j) Interpretation and Results; and
  - (k) Recommendations.
2. Material change report dated August 22, 2019 pertaining to the completion of Northway’s initial public offering;
3. Material change report dated August 28, 2019 pertaining to the completion of a concurrent private placement of Northway Shares.
4. Material change report dated August 4, 2020 pertaining to the execution of the Letter Agreement.
5. Material change report dated September 15, 2020 pertaining to the execution of the Amalgamation Agreement.
6. Material change report dated October 5, 2020 pertaining to the execution of the engagement letter with the Agents in relation to the Financing.
7. Material change report dated November 4, 2020 pertaining to the completion of the Financing by Kenorland.

Copies of the foregoing documents incorporated herein by reference may be obtained on request without charge from Northway’s registered and records office located at 2080-777 Hornby Street, Vancouver, British Columbia,

V6Z 1S4 (Telephone: 604.604.683.7361). These documents are also available through SEDAR, which can be accessed online at [www.sedar.com](http://www.sedar.com).

**Any statement contained in a document incorporated or deemed to be incorporated by reference hereto shall be deemed to be modified or superseded for the purposes of this Circular to the extent that a statement contained in this Circular or to any subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purpose that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances to which it was made. Any statement so modified or superseded shall not be deemed, except as modified or superseded, to constitute a part of this Circular.**

### **CURRENCY AND ACCOUNTING PRINCIPLES**

Unless otherwise indicated herein, references to "\$", "CDN\$" or "Canadian dollars" are to Canadian dollars.

Terms and abbreviations used in the financial statements of Northway and Kenorland and in the schedules to this Circular are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated.

The historical financial statements of Northway and Kenorland included in or incorporated by reference into this Circular are reported in Canadian dollars and have been prepared in accordance with IFRS.

### **INDUSTRY DATA**

The industry data contained in this Circular is based upon information from independent industry and other publications and the Northway's and Kenorland's management's knowledge of, and experience in, the industry in which the Resulting Issuer will operate. None of the sources of industry data have provided any form of consultation, advice or counsel regarding any aspect of, or is in any way whatsoever associated with, the Transaction. Industry data is subject to variations and cannot be verified with complete certainty due to limits on the availability and reliability of raw data at any particular point in time, the voluntary nature of the data gathering process or other limitations and uncertainties inherent in any statistical survey. Accordingly, the accuracy and completeness of this data are not guaranteed. Northway and Kenorland have not independently verified any of the data from third party sources referred to in this Circular or ascertained the underlying assumptions relied upon by such sources.

### **NOTE REGARDING PRO FORMA SHARE CAPITALIZATION AND FINANCIAL DISCLOSURE**

Unless otherwise indicated, all disclosure herein with respect to the pro forma share capitalization and financial disclosure of the Resulting Issuer following the completion of the Transaction and Financing assumes that the Financing is fully subscribed.

### **DATE OF INFORMATION**

Except as otherwise indicated in this Circular, all information disclosed in this Circular is as of November 27, 2020 and the phrase "as of the date hereof" and equivalent phrases refer to November 27, 2020.

## GLOSSARY OF TERMS

*For the assistance of Shareholders, the following is a glossary of terms used frequently throughout this Circular and the summary hereof. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders. Certain additional terms are defined within the body of this Circular and in such cases will have the meanings ascribed thereto.*

### **Affiliate**

A Person is an "Affiliate" of another Person if:

- (a) one of them is the subsidiary of the other, or
- (b) each of them is controlled by the same Person.

A Person is a subsidiary of another Person if the Person is controlled by that other Person.

A Person is "controlled" by another Person if:

- (a) voting securities of the Person are held, other than by way of security only, by or for the benefit of that Person, and
- (b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the Person.

A Person beneficially owns securities that are beneficially owned by:

- (a) Person controlled by that first Person, or
- (b) an Affiliate of that Person or an Affiliate of any Person controlled by that Person

### **Agency Agreement**

The agency agreement dated November 4, 2020 between the Agent, Kenorland and Northway in respect of the Financing

### **Agents**

the Lead Agent, Canaccord Genuity Corp., Haywood Securities Inc., Laurentian Bank Securities Inc. and Echelon Wealth Partners.

### **Alternative Proposal**

any inquiry or the making of any proposal from any Person or group of Persons "acting jointly or in concert" (within the meaning of National Instrument 62-104 – *Take Over Bids and Issuer Bids*) which constitutes, or may reasonably be expected to lead to (in either case whether in one transaction or a series of transactions): (a) an acquisition or purchase of 20% or more of the voting securities of Northway or Kenorland, as applicable; (b) any acquisition of a substantial amount of assets of Northway or Kenorland, as applicable, taken as a whole; (c) an amalgamation, arrangement, merger, business combination, or consolidation involving Northway or Kenorland, as applicable; (d) any take-over bid, issuer bid, exchange offer, recapitalization, liquidation, dissolution, reorganization or similar transaction involving Northway or Kenorland, as applicable; or (e) any other transaction, the consummation of which would reasonably be expected to impede, interfere with, prevent or delay the transactions contemplated by the Amalgamation Agreement or the Transaction.

### **Amalco**

The company formed as a result of the Amalgamation

### **Amalgamation**

The amalgamation of Kenorland and Subco pursuant to the BCBCA and the

## Amalgamation Agreement

### Amalgamation Agreement

The amalgamation agreement made as of September 14, 2020 between Northway, Subco and Kenorland, a copy of which is available on Northway's profile on SEDAR at [www.sedar.com](http://www.sedar.com)

### Amalgamation Application

The amalgamation application among Kenorland and Subco to be prepared and filed in accordance with Section 275 of the BCBCA to effect the Amalgamation

### Arm's Length Transaction

A transaction which is not a Related Party Transaction. **The Transaction is not an Arm's Length Transaction.**

### Associate

when used to indicate a relationship with a Person, means

- (a) an issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer,
- (b) any partner of the Person,
- (c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which a Person serves as trustee or in a similar capacity,
- (d) in the case of a Person, who is an individual:
  - (i) that Person's spouse or child, or
  - (ii) any relative of the Person or of his spouse who has the same residence as that Person;

but

- (e) where the Exchange determines that two Persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D with respect to that Member firm, Member corporation or holding company

### BCBCA

The *Business Corporations Act* (British Columbia), S.B.C. 2002, c.57, as amended from time to time, including the regulations promulgated thereunder.

### Beneficial Shareholder

A Northway Shareholder or Kenorland Shareholder holding its Northway Shares or Kenorland Shares, as applicable, through an Intermediary, or otherwise not in the shareholder's own name.

### Broker Warrants

Warrants to acquire Resulting Issuer Shares issuable to the Agents pursuant to the Financing at a price of \$1.00 per Resulting Issuer Share for a period of 24 months following the Closing Date.

|                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Business Day</b>        | A day, other than a Saturday or Sunday, on which the principal commercial banks located in the City of Vancouver, British Columbia are open for business                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>CEO</b>                 | Each individual who served as Chief Executive Officer of the Issuer or acted in a similar capacity during the most recently completed financial year.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>CFO</b>                 | Each individual who served as Chief Financial Officer of the Issuer or acted in a similar capacity during the most recently completed financial year.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Change of Control</b>   | <p>includes situations where after giving effect to the contemplated transaction and as a result of such transaction:</p> <p>(a) any one Person holds a sufficient number of the Voting Shares of the Issuer or Resulting Issuer to affect materially the control of the Issuer or Resulting Issuer, or</p> <p>(b) any combination of Persons, acting in concert by virtue of an agreement, arrangement, commitment or understanding hold in total a sufficient number of the Voting Shares of the Issuer or Resulting Issuer to affect materially the control of the Issuer or Resulting Issuer;</p> <p>where such Person or combination of Persons did not previously hold a sufficient number of Voting Shares to affect materially the control of the Issuer or Resulting Issuer. In the absence of evidence to the contrary, any Person or combination of Persons acting in concert by virtue of an agreement, arrangement, commitment or understanding, hold more than 20% of the Voting Shares of the Issuer or Resulting Issuer is deemed to materially affect the control of the Issuer or Resulting Issuer.</p> |
| <b>Circular</b>            | This joint management information circular of Northway and Kenorland dated November 27, 2020 furnished in connection with the solicitation of proxies for use at the Meetings.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Closing</b>             | The closing of the Transaction.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Closing Date</b>        | The date on which the Closing occurs.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Collateral Benefit</b>  | Has the meaning ascribed thereto in MI 61-101.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>company</b>             | unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Completion Date</b>     | The date of the Final Exchange Bulletin                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Completion Deadline</b> | The latest date by which the Transaction is to be completed, which date shall be January 31, 2021 or such later date as the Parties mutually agree                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Consolidation</b>       | The proposed seven (7) old for one new consolidation of Northway Shares to be completed immediately prior to the Transaction.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Control Person</b>      | Any person or company that holds or is one of a combination of persons or companies that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

|                                  |                                                                                                                                                                                                                                                                                                                        |
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|                                  | 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer.                                                                                                                                 |
| <b>COVID-19</b>                  | coronavirus disease 2019, an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2).                                                                                                                                                                                                |
| <b>CRA</b>                       | Canada Revenue Agency.                                                                                                                                                                                                                                                                                                 |
| <b>Dissent Notice</b>            | A written objection to the Kenorland Resolution made by a registered Kenorland Shareholder in accordance with the Dissent Rights                                                                                                                                                                                       |
| <b>Dissent Rights</b>            | The right of a registered Kenorland Shareholder to dissent in respect of the Kenorland Resolution in strict compliance with the provisions of Sections 237-247 of the BCBCA                                                                                                                                            |
| <b>Dissenting Shareholders</b>   | Kenorland Shareholders who duly and validly exercise their Dissent Rights and thereby become entitled to receive the fair value of their Kenorland Shares.                                                                                                                                                             |
| <b>Dissenting Shares</b>         | Kenorland Shares in respect of which a Dissenting Shareholder has validly exercised a Dissent Right.                                                                                                                                                                                                                   |
| <b>Engagement Letter</b>         | The engagement letter dated September 28, 2020 between Kenorland and the Agent in respect of the Financing which will be replaced and superseded by the Agency Agreement on the Financing Closing Date.                                                                                                                |
| <b>Escrow Policy</b>             | Policy 5.4 – <i>Escrow, Vendor Consideration and Resale Restrictions</i> of the Exchange.                                                                                                                                                                                                                              |
| <b>Escrow Release Conditions</b> | The conditions to be satisfied on or before the Escrow Release Deadline for the purposes of converting the Subscription Receipts into Resulting Issuer Shares and release of the escrowed portion of the proceeds of the Financing by the Subscription Receipt Agent to the Resulting Issuer                           |
| <b>Escrow Release Deadline</b>   | The earlier of (a) 5:00 pm (Vancouver time) on December 31, 2020; and (b) any day prior to December 31, 2020 on which the Transaction is terminated.                                                                                                                                                                   |
| <b>Exchange</b>                  | TSX Venture Exchange Inc.                                                                                                                                                                                                                                                                                              |
| <b>Exchange Policies</b>         | The policies of the Exchange and all bulletins, orders, policies, rules, regulations and by-laws of the Exchange as amended from time to time.                                                                                                                                                                         |
| <b>Exchange Ratio</b>            | Two (2) Resulting Issuer Shares for each Kenorland Share.                                                                                                                                                                                                                                                              |
| <b>Excluded Persons</b>          | Those Northway Shareholders who are excluded from voting on the Northway Resolution in accordance with MI 61-101 being (a) Northway, (b) an Interested Party, (c) a related party of an Interested Party or (d) a joint actor with a person referred to in (b) or (c) above.                                           |
| <b>executive officer</b>         | (i) the chair, (ii) the vice-chair, (iii) a vice-president in charge of a principal business unit, division or function, including sales, finance or production; (iv) an officer, including of a subsidiary, who performs a policy making functions; (v) or any other individual performing policy making functions of |

a company, including the Issuer, the Target or the Resulting Issuer.

**Fairness Opinion**

The written fairness opinion dated September 15, 2020 as prepared for the Special Committee by Stephen Semeniuk, a copy of which is attached as Schedule “C” to this Circular

**Final Exchange Bulletin**

The bulletin issued by the Exchange following closing of the RTO and submission of all post-approval documents which evidences the final Exchange acceptance of the RTO.

**Form 51-102F6**

Form 51-102F6 – *Statement of Executive Compensation* pursuant to National Instrument 51-102 – *Continuous Disclosure Obligations*).

**Financing**

The brokered financing completed by Kenorland on November 4, 2020 with the assistance of the Agent in connection with the Transaction to raise up to \$10,000,000 through the sale of up to 10,000,000 Subscription Receipts at a price of \$1.00 per Subscription Receipt. .

**Financing Closing Date**

The date on which the Financing closed, being November 4, 2020.

**Frotet Project**

724 mineral claims located within the Opatica geological sub-province of Quebec held by Kenorland.

**Frotet Property**

The property underlying the Frotet Project.

**Frotet Technical Report**

The technical report prepared in accordance with the form requirements of NI 43-101 in relation to the Frotet Project entitled “NI 43-101 Technical Report on the Frotet Gold Project” with an effective date of September 30, 2020 as prepared by Rémi Charbonneau, Ph.D., P. Geo, OGQ Member 290, of Inlandsis Consultants

**Healy Project**

198 State of Alaska mining and 30 State selected claims located in the Goodpaster Mining District in Alaska in which Northway is earning a 70% interest

**IFRS**

International Financial Reporting Standards.

**Incentive Plan**

The long-term incentive plan to be adopted by Northway in connection with the Transaction.

**Insider**

if used in relation to a company, means:

- (a) a director or senior officer of a company;
- (b) a director or senior officer of a company that is an Insider or subsidiary of a company;
- (c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of a company; or
- (d) a company itself if it holds any of its own securities.



|                                |                                                                                                                                                                                                                                                                                                        |
|--------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Interested Party</b>        | Has the meaning ascribed thereto in MI 61-101                                                                                                                                                                                                                                                          |
| <b>Intermediary</b>            | A broker, intermediary, trustee or other person holding Northway Shares or Kenorland Shares, as the case may be, on behalf of a Beneficial Shareholder.                                                                                                                                                |
| <b>Issuer</b>                  | a Person and its subsidiaries which have any of its securities listed for trading on the Exchange, and in this Circular means Northway, as the context requires.                                                                                                                                       |
| <b>ITA</b>                     | The Income Tax Act (Canada), as amended, and the regulations thereunder.                                                                                                                                                                                                                               |
| <b>Kenorland</b>               | Kenorland Minerals Ltd., a corporation incorporated pursuant to the BCBCA                                                                                                                                                                                                                              |
| <b>Kenorland Board</b>         | The board of directors of Kenorland                                                                                                                                                                                                                                                                    |
| <b>Kenorland Meeting</b>       | The special meeting of Kenorland Shareholders to be held on December 29, 2020 to consider the Transaction                                                                                                                                                                                              |
| <b>Kenorland Options</b>       | Stock options to acquire Kenorland Shares                                                                                                                                                                                                                                                              |
| <b>Kenorland Resolution</b>    | The special resolution approving the Amalgamation Agreement and the Amalgamation, the full text of which is set forth in Schedule “B” attached to this Circular, to be considered, and if deemed advisable, passed, with or without variation, by the Kenorland Shareholders at the Kenorland Meeting. |
| <b>Kenorland RSUs</b>          | Restricted share units currently outstanding in Kenorland for the issuance of Kenorland Shares                                                                                                                                                                                                         |
| <b>Kenorland Shares</b>        | Common shares in the capital of Kenorland                                                                                                                                                                                                                                                              |
| <b>Kenorland Shareholders</b>  | Holders of Kenorland Shares                                                                                                                                                                                                                                                                            |
| <b>Lead Agent</b>              | Stifel Nicolaus Canada Inc.                                                                                                                                                                                                                                                                            |
| <b>Letter Agreement</b>        | The letter agreement dated July 28, 2020 between Kenorland and Northway which was superseded by the Amalgamation Agreement.                                                                                                                                                                            |
| <b>Material Adverse Change</b> | any one or more changes, effects, events, occurrences or states of facts that, either individually or in the aggregate, have, or would reasonably be expected to have, a Material Adverse Effect on Northway or Kenorland, as applicable, on a consolidated basis.                                     |
| <b>Material Adverse Effect</b> | has the meaning ascribed thereto in the Amalgamation Agreement.                                                                                                                                                                                                                                        |
| <b>MD&amp;A</b>                | Management’s discussion and analysis, as such term is defined in National Instrument 51-102 – <i>Continuous Disclosure Obligations</i> of the Canadian Securities Administrators.                                                                                                                      |
| <b>Member</b>                  | A member of the Exchange, as defined in the Exchange Policies                                                                                                                                                                                                                                          |
| <b>Meetings</b>                | Collectively, the Northway Meeting and the Kenorland Meeting.                                                                                                                                                                                                                                          |
| <b>MI 61-101</b>               | Multilateral Instrument 61-101 - <i>Protection of Minority Security Holders in Special Transactions</i> and the companion policies and forms thereto, as                                                                                                                                               |

|                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|---------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                       | amended from time to time                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Minority Approval</b>              | the approval of a majority of the Minority Shareholders, present in person or voting in person or by proxy at the Northway Meeting                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Minority Shareholders</b>          | Holders of Northway Shares, other than the Excluded Persons.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Name Change</b>                    | The change of the Issuer's name from "Northway Resources Corp." to "Kenorland Minerals Ltd." or such other name as the parties may determine                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Named Executive Officer or NEO</b> | One of the (i) the CEO, (ii) the CFO, (iii) each of the Issuer's three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, or (iv) any additional individuals for whom disclosure would have been provided under paragraph (i) above except that the individual was not serving as an executive officer of the Issuer, nor in a similar capacity, as at the end of the most recently completed financial year end. |
| <b>NI 43-101</b>                      | National Instrument 43-101 Standards of Disclosure for Mineral Projects as adopted by the Canadian Securities Administrators and the companion policies and forms thereto, as amended from time to time.                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Non-Arm's Length Party</b>         | in relation to a Company, a promoter, officer, director, other Insider or Control Person of that Company (including an issuer) and any Associates or Affiliates of any of such Persons. In relation to an individual, means any Associate of the individual or any Company of which the individual is a promoter, officer, director, Insider or Control Person.                                                                                                                                                                                                                                                                                 |
| <b>Northway</b>                       | Northway Resources Corp, a corporation incorporated under the BCBCA                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Northway Board</b>                 | The board of directors of Northway                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Northway Escrow Agreement</b>      | The escrow agreement dated May 13, 2019 among Northway, Computershare Investor Services Inc. as escrow agent, and certain Northway Shareholders entered into in connection with the initial public offering of Northway                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Northway Meeting</b>               | The special meeting of the Northway Shareholders to be held on December 29, 2020, to consider, among other things, the Transaction                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Northway Option Plan</b>           | The existing 'rolling' stock option plan of Northway reserving a maximum of 10% of the issued common shares of Northway at the time of the stock option grant.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Northway Options</b>               | stock options to acquire Northway Shares granted pursuant to the Northway Option Plan                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Northway Resolution</b>            | The ordinary resolution approving the Transaction and the Amalgamation Agreement, the full text of which is set forth in Schedule 'A' attached to this Circular, to be considered, and if deemed advisable, passed, with or without variation, by the Minority Shareholders at the Northway Meeting.                                                                                                                                                                                                                                                                                                                                            |

|                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
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| <b>Northway Shares</b>           | Common shares in the capital of Northway which are listed on the Exchange under the symbol “NTW”.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Northway Shareholders</b>     | Holders of Northway Shares                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Northway Warrants</b>         | Warrants to acquire Northway Shares                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Notices of Meetings</b>       | The notices to the Northway Shareholders and Kenorland Shareholders of the Meetings which accompany this Circular.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Parties</b>                   | Either of Northway, Kenorland or Subco, as the context requires, and “Party” refers to any of them, in relation to the Amalgamation Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Person</b>                    | Broadly interpreted and includes any natural person, partnership, limited partnership, joint venture, syndicate, sole proprietorship, body corporate with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Principals</b>                | <p>means, with respect to the Resulting Issuer:</p> <ul style="list-style-type: none"> <li>(a) a person or company who acted as a promoter of the Resulting Issuer within two years of the Final Exchange Bulletin</li> <li>(b) the directors and senior officers of the Resulting Issuer or any of its material operating subsidiaries at the time of the Final Exchange Bulletin;</li> <li>(c) a Person that holds securities carrying more than 20% of the voting rights attached to the Resulting Issuer’s outstanding securities immediately before and immediately after the Final Exchange Bulletin;</li> <li>(a) A Person that holds securities carrying more than 10% of the voting rights attached to the Resulting Issuer’s outstanding securities immediately before and immediately after the Final Exchange Bulletin if they also have elected or appointed or have the right to elect or appoint a director or senior officer of the Resulting Issuer or any of its material subsidiaries; and</li> <li>(b) associates and affiliates of any of the above.</li> </ul> <p>being in this case, each of Zachary Flood, Jamie Levy, Rick Trotman, Jay Sujir, Jessica Van Den Akker, Enoch Kong, Francis MacDonald and John Tognetti and their respective spouses and other immediate family living at the same address,</p> |
| <b>Record Date</b>               | November 16, 2020                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Registered Shareholder</b>    | A registered holder of Northway Shares or Kenorland Shares, as the case may be, and does not include Beneficial Shareholders.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Regulation S</b>              | Regulation S adopted by the SEC under the 1933 Act                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Registrar</b>                 | The Registrar of Companies for the Province of British Columbia.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Related Party Transaction</b> | has the meaning ascribed to that term in Policy 5.9 of the Exchange and MI 61-101, and includes a related party transaction that is determined by the Exchange, to be a Related Party Transaction. The Exchange may deem a transaction to be a Related Party Transaction where the transaction involves Non-Arm’s Length Parties, or other circumstances exist which may                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

compromise the independence of the issuer with respect to the transaction.  
**The Transaction is a Related Party Transaction.**

|                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|-------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Resulting Issuer</b>                   | The issuer existing on the Completion Date, being Northway, following completion of the Transaction, Financing and Name Change.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Resulting Issuer Options</b>           | Incentive stock options granted under the Stock Option Plan to acquire Resulting Issuer Shares                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Resulting Issuer RSUs</b>              | Restricted share units issuable under the Incentive Plan to acquire Resulting Issuer Shares.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Resulting Issuer Shares</b>            | Common shares, following completion of the Consolidation and Transaction, in the capital of the Resulting Issuer.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Resulting Issuer Stock Option Plan</b> | The stock option plan of the Resulting Issuer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Resulting Issuer Warrants</b>          | Warrants to acquire Resulting Issuer Shares                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Reverse Takeover or RTO</b>            | <p>a transaction or series of transactions, involving an acquisition by the issuer or of the issuer, and a securities issuance by an issuer that results in:</p> <p>(a) new shareholders holding more than 50% of the outstanding voting securities of the issuer, and</p> <p>(b) a Change of Control of the issuer. The Exchange may deem a transaction to have resulted in a Change of Control by aggregating the shares of a vendor group and/or incoming management group,</p> <p>but does not include any transaction or series of transactions whereby the newly issued securities are to be issued to shareholders of an issuer listed on TSX or another senior exchange under a formal takeover bid made pursuant to Securities Laws.</p> <p>A transaction or series of transactions may include an acquisition of a business or assets, an amalgamation, arrangement or other reorganization.</p> <p>Any securities issued pursuant to a Private Placement effected concurrently, contingent upon, or otherwise linked to a transaction or series of transactions, may be used in order to determine whether a transaction or series of transactions satisfies (a) and/or (b), above.</p> <p><b>The Transaction is an RTO</b></p> |
| <b>SEC</b>                                | The United States Securities and Exchange Commission.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>SEDAR</b>                              | The System for Electronic Document Analysis and Retrieval as located on the internet at <a href="http://www.sedar.com">www.sedar.com</a> .                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Shareholders</b>                       | Collectively, the Kenorland Shareholders and the Northway Shareholders                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Special Committee</b>                  | The special committee of the Northway Board, comprised of independent directors of Northway being Jay Sujir, Jamie Levy and Jessica Van Den Akker, to consider among other things, the Amalgamation Agreement and                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

|                                       |                                                                                                                                                                                                                                                                                                                  |
|---------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                       | the Transaction                                                                                                                                                                                                                                                                                                  |
| <b>Sponsorship Policy</b>             | Policy 2.2 – <i>Sponsorship and Sponsorship Requirements of the Exchange Policies.</i>                                                                                                                                                                                                                           |
| <b>SSRN</b>                           | Seed Share Resale Restrictions as defined in Exchange Policy 5.4 - <i>Escrow, Vendor Consideration and Resale Restriction</i>                                                                                                                                                                                    |
| <b>Subco</b>                          | 1265114 B.C. Ltd., a wholly owned subsidiary of Northway incorporated pursuant to the BCBCA for the purposes of completing the Amalgamation.                                                                                                                                                                     |
| <b>Subscription Receipts</b>          | subscription receipts of Kenorland issued in connection with the Financing at a price of \$1.00 per Subscription Receipt, with each Subscription Receipt convertible, following the Transaction into one Resulting Issuer Share                                                                                  |
| <b>Subscription Receipt Agent</b>     | Computershare Investor Services Inc.                                                                                                                                                                                                                                                                             |
| <b>Subscription Receipt Agreement</b> | The subscription receipt agreement to be entered into between Kenorland and the Subscription Receipt Agent in relation to the proceeds of the Financing and the Subscription Receipts on the Financing Closing Date.                                                                                             |
| <b>Superior Proposal</b>              | An Alternative Proposal which is a transaction more favourable to the Northway Shareholders or the Kenorland Shareholders, as the case may be, from a financial point of view, than the terms of the Transaction.                                                                                                |
| <b>Tanacross Project</b>              | 718 mineral claims located within Fairbanks mining district, Alaska, held by Kenorland.                                                                                                                                                                                                                          |
| <b>Tanacross Property</b>             | The property underlying the Tanacross Project.                                                                                                                                                                                                                                                                   |
| <b>Tanacross Technical Report</b>     | The technical report prepared in accordance with the form requirements of NI 43-101 in relation to the Tanacross Project entitled “NI 43-101 Technical Report on the Tanacross” dated October 5, 2020 with an effective date of August 22, 2020 as prepared by Cyril Orsich, BSc., P.Geo                         |
| <b>Transaction</b>                    | Collectively, the Amalgamation and related transactions contemplated under the Amalgamation Agreement.                                                                                                                                                                                                           |
| <b>Transfer Agent</b>                 | Computershare Trust Company of Canada.                                                                                                                                                                                                                                                                           |
| <b>United States or USA</b>           | The United States of America, its territories and possessions, any state of the United States and the District of Columbia.                                                                                                                                                                                      |
| <b>Value Escrow Agreement</b>         | the escrow agreement pursuant to which certain securities will be subject to escrow pursuant to the Escrow Policy, to be entered into at Closing, among the Resulting Issuer, the Transfer Agent and certain shareholders of the Resulting Issuer holding in the aggregate of 18,901,427 Resulting Issuer Shares |
| <b>Voting Share</b>                   | a security of an Issuer that: <ul style="list-style-type: none"> <li>(a) is not a debt security, and</li> <li>(b) carries a voting right either under all circumstances or under some</li> </ul>                                                                                                                 |

circumstances that have occurred and are continuing.

**1933 Act**

The United States Securities Act of 1933, as amended.

**1934 Act**

The United States Securities Exchange Act of 1934, as amended.

## SUMMARY

*The following is a summary of information relating to Northway, Kenorland and the Resulting Issuer (assuming completion of the Transaction) contained elsewhere in this Circular. This summary should be read together with the more detailed information and financial data and statements contained elsewhere in this Circular, including the Schedules, which are incorporated herein and form part of this Circular, and the documents incorporated by reference herein. Certain capitalized words and terms used in this Summary are defined in the Glossary.*

### **The Meetings**

#### ***Time, Date and Place of Meeting***

The Northway Meeting will be held virtually, on December 29, 2020, commencing at the hour of 10:00 a.m. (Vancouver time). Please see “*Northway Virtual Meeting*” below.

The Kenorland Meeting will be held virtually on December 29, 2020, commencing at the hour of 10:30 a.m.. (Vancouver time).

#### ***Record Date***

The record date for determining the registered Shareholders for the Meetings is November 16, 2020. Please see “*General Proxy Information*” for further information.

#### ***Purpose of the Meetings***

At the Northway Meeting, Northway Shareholders will be asked to consider and approve the Transaction pursuant to the Northway Resolution.

The Northway Shareholders will also be asked to approve the Incentive Plan and certain amendments to the Northway Option Plan, in furtherance of the Transaction and to consider such other matters as may properly come before the Northway Meeting, all as set forth in the notice of special meeting accompanying this Circular.

At the Kenorland Meeting, Kenorland Shareholders will be asked to consider and approve the Transaction pursuant to the Kenorland Resolution.

#### ***Approvals Required for Certain Matters***

The full text of the Northway Resolution is set out in Schedule “A” to this Circular. Pursuant to the Exchange Policies and MI 61-101, the Northway Resolution must be approved, with or without amendment, by the Minority Shareholders, present in person or by proxy at the Northway Meeting.

The full text of the Kenorland Resolution is set out in Schedule “B” to this Circular. Pursuant to the BCBCA, the Kenorland Resolution must be approved, with or without amendment, by at least two-thirds of the votes cast by the Kenorland Shareholders, present in person or by proxy at the Kenorland Meeting.

Please see “*Information Concerning The Transaction – Shareholder Approvals*”

### **The Parties**

#### ***Northway***

Northway is a company incorporated under the BCBCA whose principal business has been the exploration of the Healy Project located in Alaska.

Upon the Closing and assuming the completion of the Financing, the Resulting Issuer anticipates having 45,473,144 Resulting Issuer Shares issued and outstanding, 7,050,000 Resulting Issuer Options outstanding, 1,100,000 Resulting Issuer RSUs outstanding and 1,876,841 Resulting Issuer Warrants outstanding. See Schedule “F” – *“Information Concerning the Resulting Issuer – Fully Diluted Share Capital”*.

### ***Kenorland***

Kenorland is a private exploration company incorporated pursuant to the laws of the Province of British Columbia whose principal business has been gold exploration in Canada and the United States. Kenorland’s material mineral property is the Frotet Project, located in Quebec.

### ***Subco***

Subco is a private company incorporated under the provisions of the BCBCA for the purposes of completing the Amalgamation.

### **The Transaction**

Northway, Subco and Kenorland have entered into the Amalgamation Agreement pursuant to which they will complete the Transaction and Northway will acquire, through the Amalgamation, all of the issued and outstanding Kenorland Shares. Please also see *“Information Concerning the Transaction – the Amalgamation Agreement”*.

### ***Principal Steps***

Prior to the closing of the Transaction, Northway will complete the Consolidation of the Northway Shares.

Under the terms of the Amalgamation Agreement, the Transaction will be completed by way of a three corned amalgamation under the BCBCA, whereby:

- (a) Subco will amalgamate with and into Kenorland, with Amalco becoming a wholly owned subsidiary of Northway;
- (b) each outstanding Kenorland Share shall be converted into the right to receive two (2) post-Consolidation Northway Shares;
- (c) all Northway Shares held by Kenorland will be canceled without any repayment of capital;
- (d) each common share of Subco shall be converted into one common share of Amalco; and
- (e) the outstanding Kenorland Options and Kenorland RSUs shall become exercisable into Resulting Issuer Shares in accordance with their terms, having regard for the Exchange Ratio

Concurrently with closing of the Transaction, Northway is expected to complete the Name Change.

For more detailed information, see *“Information Concerning the Transaction– Principal Steps of the Transaction”*.

### ***Conditions to the Transaction***

The Transaction and the obligations of the Parties to complete the Transaction is subject to certain conditions, including obtaining all necessary regulatory approvals, including, among others (i) the Northway Resolution having received Minority Approval at the Northway Meeting in accordance with the Exchange Policies and MI 61-101; (ii) the Kenorland Resolution having received the approval of the Kenorland Shareholders at the Kenorland Meeting in accordance with the BCBCA (iii) the approval of the Exchange and (iv) the completion of the Financing. Please see *“Information Concerning the Transaction –the Amalgamation Agreement – Conditions to the Transaction”* for further information.



### ***Background to the Transaction***

On July 31, 2018, Northway entered into a a venture agreement dated July 31, 2018, as amended May 10, 2019 with Newmont North America Exploration Ltd. pursuant to which Northway was granted the sole and exclusive option to acquire up to a 70% interest in the Healy Project. On the same day, Kenorland acquired 4,000,000 Northway Shares at a price of \$0.001 per Northway Share and Northway and Kenorland entered into a services agreement with Kenorland for the purposes of engaging Kenorland to complete all activities necessary in order for Northway, indirectly through Northway Resources Alaska Corporation, to meet its initial obligations to earn its interest in the Healy Project. As consideration for the provision of the services by Kenorland, Northway paid a fixed daily rate of \$700 per day. The fees payable by Northway were due either in cash or through the issuance of units, each unit comprising a Northway Share and one Northway Warrant at a deemed price of \$0.05 per unit. In addition to the fixed daily rates, Northway agreed to pay to Kenorland a monthly fee equal to 10% of all exploration expenditures incurred in connection with the Healy Project.

On January 25, 2019, Northway issued 2,000,000 units at an aggregate value of \$100,000 to Kenorland to settle \$100,000 in accounts payable pursuant to the terms of services agreement in relation to services rendered by Kenorland to Northway in August and September of 2018 in relation to the initial work program completed by Northway on the Healy Project, including historical data analysis, field program planning and field work, plus the 10% management fee pertaining to expenses on the Healy Project, and for services from August 2018 to January 2019 in compiling data and information for a technical report prepared in respect of the Healy Project. \$5,047.59 was in cash in relation to such services, such that an aggregate value of \$105,999.37 in services was charged by Kenorland. The services agreement was since terminated by mutual agreement of Northway and Kenorland following the completion of Northway's initial public offering on August 22, 2019.

In mid-July, Northway and Kenorland began discussing a potential transaction in light of then current market conditions for gold exploration. On July 27, 2020, the Northway Board met to discuss a proposed transaction and to create and establish the Special Committee to review the Transaction. On July 28, 2020, Northway and Kenorland entered into the Letter Agreement. Kenorland disclosed to Northway the results of its exploration program on the Frotet Project which discovered a significant gold system in an area with no known mineral occurrences or historic drilling. The Kenorland Board determined that these exploration results would likely accelerate Kenorland's market window to complete a transaction that would see it become publicly listed. Kenorland publicly announced exploration results on July 29, 2020.

On August 11, 2020, the Special Committee met with Northway's legal advisors to review the opportunity as it had developed to that time. Northway's legal advisors provided advice with respect to the Special Committee and Northway Board's duties and certain legal matters relating to the proposed transaction. The Special Committee then approved the engagement of Stephen Semeniuk to review the Transaction and if merited, prepare the Fairness Opinion.

Throughout August 2020 Northway and Kenorland completed due diligence reviews of the other party and held a number of conference calls among their respective directors and management teams to facilitate the review of Kenorland by the Special Committee and the review of Northway by Kenorland.

On September 11, 2020, the Special Committee met again with Northway's legal advisors to review the draft Amalgamation Agreement and the Fairness Opinion. A representative of management was asked to join to allow the Special Committee to inquire about Kenorland's properties and the status of the Financing. Following discussion and review of the Fairness Opinion and various other factors, the Special Committee recommended to the Northway Board that it approve the Transaction and the definitive Amalgamation Agreement. The Northway Board, with Zachary Flood abstaining, concurred with the recommendations of the Special Committee and approved the Transaction, the Amalgamation Agreement and matters ancillary thereto at a meeting held immediately thereafter on September 11, 2020.

On September 11, 2020, the Kenorland Board consulted with Kenorland's legal advisors with respect to the terms of the Amalgamation Agreement and the effect of the Transaction on outstanding securities of Kenorland. The Kenorland Board, with Zachary Flood abstaining, approved the Transaction and the Amalgamation Agreement pursuant to a resolution dated September 11, 2020.

### ***Special Committee***

The Special Committee was established by the Northway Board on July 27, 2010 and made up of three independent directors, being Jaime Levy, Jay Sujir and Jessica Van Den Akker. The Special Committee, among other things, reviewed the Transaction, Financing, Fairness Opinion and considered the Amalgamation Agreement. The Special Committee recommended the Amalgamation Agreement and the transactions contemplated thereunder to the Board on September 11, 2020. See “*Information Concerning the Transaction - Establishment of Special Committee*” and “*Information Concerning the Transaction– Recommendations of the Special Committee and Boards*” for further information.

### ***Fairness Opinion***

In deciding to approve the Amalgamation Agreement and the terms of the Transaction, the Northway Board considered, among other things, the Fairness Opinion. The Fairness Opinion concludes that, as of September 15, 2020 subject to the assumptions, limitations and qualifications set out therein, the Transaction is fair to the Northway Shareholders from a financial point of view. The complete text of the Fairness Opinion, which sets forth certain assumptions made, matters considered and limitations on the review undertaken in connection with the opinion, is attached to this Circular as Schedule “C”. The Fairness Opinion is not and should not be construed as a valuation of Northway or Kenorland or their respective assets or securities or as a recommendation to any Northway Shareholder to vote in favour of the Northway Resolution. Shareholders are urged to read the Fairness Opinion in its entirety. See “*Information Concerning the Transaction – Fairness Opinion*” for further information.

### ***Board Recommendations***

Each of the Northway Board, on the recommendation of the Special Committee, and the Kenorland Board has unanimously determined, with Zachary Flood abstaining, that the Transactions set forth herein are fair to the Northway Shareholders and Kenorland Shareholders respectively and in the best interests of Shareholders. Each of the Northway Board and Kenorland Board recommends that Shareholders vote in favor of the Transaction and the Northway Board recommends that Northway Shareholders vote in favor of the Incentive Plan and the amendments to the Northway Option Plan. Please see “*Information Concerning the Transaction – Recommendations of the Special Committee and Boards*”.

### ***Related Party Transaction***

The Transaction constitutes a Related Party Transaction for Northway within the meaning of MI 61-101. Pursuant to MI 61-101, if a transaction is a Related Party Transaction, a formal valuation and Minority Approval of the Transaction may be required. The Special Committee was formed on July 27, 2020 for the purposes of reviewing the Transaction and Amalgamation Agreement and making recommendations to the Northway Board, and also to consider the application of MI 61-101.

As Northway is listed on the Exchange and no other stock exchange outside of Canada and the United States, MI 61-101 provides an exemption to the general requirement to obtain a valuation for a transaction that is a Related Party Transaction. No formal valuations of Northway or Kenorland have been made in the last 24 months, to the knowledge of Northway, Kenorland, the Northway Board, the Kenorland Board or their respective management.

Northway has not received bona fide offers from other parties during the 24 months prior to the Letter Agreement.

MI 61-101 and the Exchange Policies require that Northway obtain Minority Approval for the Transaction from holders of every class of affected securities, in each case voting separately. The only outstanding classes of affected securities of Northway are the Northway Shares. As a result, at the Northway Meeting, Northway shall seek the approval to the Northway Resolution from a majority of the votes cast by the Minority Shareholders.

In determining what constitutes Minority Approval for a Related Party Transaction, Northway must exclude the votes attached to affected securities, that to the knowledge of Northway or its directors and officers, after reasonable

inquiry, are beneficially owned or over which control or direction is exercised by (a) Northway, (b) an Interested Party (c) a Related Party of an Interested Party or (d) a joint actor with a person referred to in (b) or (c) above.

Northway must also exclude the votes attached to Northway Shares held by any directors or officers of Northway or any other Related Parties receiving a Collateral Benefit as a result of the Transaction. Northway has determined that pursuant to MI 61-101, 1,386,000 Northway Shares held by Zachary Flood must be excluded from the vote of the Minority Shareholders due to receipt of a Collateral Benefit.

Northway has determined that the votes attached to 6,000,000 Northway Shares held by Kenorland must be excluded from voting on the Northway Resolution, which must be approved by a majority of the Minority Shareholders voting in person or by proxy at the Northway Meeting. Please *“Information Concerning the Transaction – Application of MI 61-101”*.

The Transaction is not subject to MI 61-101 for Kenorland as it is not a reporting issuer.

### ***Canadian Securities Law Matters***

The issuance and distribution of the Resulting Issuer Shares pursuant to the Amalgamation will constitute a distribution of securities that is exempt from the prospectus requirements of Canadian securities legislation and is exempt from or otherwise is not subject to the registration requirements under applicable securities legislation. The Resulting Issuer Shares received pursuant to the Amalgamation, including any Resulting Issued Shares issuable upon exercise of Kenorland Options or Kenorland RSUs, will not be legended and may be resold through registered dealers in each of the provinces of Canada provided that (i) the trade is not a “control distribution” as defined in National Instrument 45-102 *“Resale of Securities”* of the Canadian Securities Administrators, (ii) no unusual effort is made to prepare the market or to create a demand for the Resulting Issuer Shares, (iii) no extraordinary commission or consideration is paid to a person in respect of such sale, and (iv) if the selling security holder is an insider or officer of the Resulting Issuer, the selling security holder has no reasonable grounds to believe that the Resulting Issuer is in default of applicable Canadian securities laws.

Each Kenorland Shareholder is urged to consult his or her professional advisors to determine the Canadian conditions and restrictions applicable to trades in Resulting Issuer Shares.

See *“Information Concerning the Transaction – Canadian Securities Law Matters for Kenorland Shareholders”*

### ***Dissent Rights***

The BCBCA provides that each Registered Kenorland Shareholder will have the Dissent Rights and, if the Amalgamation becomes effective, to have such holder’s Dissenting Shares cancelled in exchange for a cash payment from Amalco equal to the fair value of such holder’s Dissenting Shares as of the day of the Kenorland Meeting. In order to validly exercise Dissent Rights, any such Registered Kenorland Shareholder must not vote any Kenorland Shares in respect of which Dissent Rights have been exercised in favour of the Kenorland Resolution, must provide Kenorland with the Dissent Notice two Business Days prior to the Kenorland Meeting or any adjournment or postponement of the Kenorland Meeting, and must otherwise comply with the procedures provided in BCBCA. A Beneficial Shareholder who wishes to exercise Dissent Rights must arrange for the Registered Kenorland Shareholder(s) holding its Kenorland Shares to deliver the Dissent Notice.

If a Kenorland Shareholder fails to STRICTLY COMPLY with the requirements the Dissent Rights as set out under the BCBCA, such holder will lose its Dissent Rights.

It is a condition of the Transaction that holders of no more than 5% of Kenorland Shares shall have exercised Dissent Rights (and not withdrawn such exercise).

See *“Particulars of Matters to be Acted Upon at the Kenorland Meeting – Dissent Rights”*

### ***Canadian Federal Income Tax Considerations***

**This Circular does not contain any discussion as to the application of Canadian federal income tax, or the tax law of any province or other jurisdiction in Canada, in relation to the exchange of Kenorland Shares for Resulting Issuer Shares as contemplated by the Amalgamation.** Accordingly, holders of Kenorland Shares resident in Canada should consult their own tax advisers for advice with respect to the application of Canadian tax law to the distribution of the Resulting Issuer Shares

### ***U.S. Federal Income Tax Advisory***

**This Circular does not contain any discussion as to the application of the United States federal income tax, or the tax law of any state or other jurisdiction in the United States, in relation to the exchange of Kenorland Shares for Resulting Issuer Shares as contemplated by the Amalgamation.** Accordingly, holders of Kenorland Shares resident in the United States should consult their own tax advisers for advice with respect to the application of U.S. tax law to the distribution of the Resulting Issuer Shares.

### **Financing**

In connection with the Transaction, on November 4, 2020 Kenorland completed the Financing with the assistance of the Agent to raise up to \$10,000,000 through the issuance of 10,000,000 Subscription Receipts at a price of \$1.00 per Subscription Receipt.

Each Subscription Receipt entitles the holder thereof to receive, without any further action on the part of the holder or payment of any additional consideration, one Resulting Issuer Share, subject to the satisfaction or waiver of the Escrow Release Conditions prior to Escrow Release Deadline, and provided that the Transaction has not otherwise been terminated.

Kenorland has agreed to pay the Agent a cash commission equal to 6.0% of the gross proceeds of the Financing (including any proceeds derived from exercise of the Agents' Option), other than in respect of proceeds of up to \$8,000,000 raised from purchasers on a President's list in respect of which the Agent will receive a corporate advisory fee equal to 2.0% of the gross proceeds of the Financing. In addition, Kenorland will issue to the Agent such number of Brokers Warrants as is equal to 6.0% of the aggregate Subscription Receipts sold under the Financing (including on any exercise of the Agents' Option but excluding up sales to subscribers on the President's List).

The gross proceeds of the Financing less 50% of the Agent's cash commission and certain expenses will be held in escrow and, upon the satisfaction or waiver of the Escrow Release Conditions, the net proceeds will be released to the Resulting Issuer and the remaining Agent's commissions will be released to the Agent. In the event that the Escrow Release Conditions are not satisfied by the Escrow Release Deadline, the proceeds of the Financing will be returned to the holders of the Subscription Receipts and the Subscription Receipts will be cancelled.

See "*Information Concerning the Transaction – Financing*"

### **Escrow Restrictions**

9,600,000 Northway Shares, including 3,600,000 Northway Shares held by Kenorland, and 7,200,000 Northway Warrants are currently held in escrow pursuant to the terms and conditions of the Northway Escrow Agreement which was entered into in connection with Northway's initial public offering.

Resulting Issuer Shares issued to or held by Principals will be subject to escrow restrictions pursuant to the terms of the Value Escrow Agreement and will be released from escrow based upon the passage of time in accordance with the Escrow Policy.

Further, pursuant to Exchange Policy 5.4 - *Escrow, Vendor Consideration and Resale Restrictions*, certain non-principal shareholders of Kenorland Shares, upon conversion into Resulting Issuer Shares, will be subject to SSRRs.

SSRRs are Exchange hold periods of various lengths which apply where seed shares are issued to non-Principals by private companies in connection with the Transaction. The terms of the SSRRs are based on the length of time such Kenorland Shares have been held and the price at which such shares were originally issued. Such Resulting Issuer Shares will either be issued with a restrictive legend such that the securities may not be traded until released from the applicable SSRR.

For additional information concerning the escrow restrictions applicable to the securities of Northway and the Resulting Issuer, please see "*Schedule "F" - Information Concerning the Resulting Issuer – Escrowed Securities*".

### **Board and Management of the Resulting Issuer**

It is not expected that there will be any changes to the Northway Board or management in connection with the Transaction. Following the Closing, the persons below will hold the following positions with the Resulting Issuer:

Mr. Zachary Flood – President, CEO and Director  
 Mr. Jamie Levy – Director  
 Mr. Rick Trotman – Director  
 Ms. Jessica Van Den Akker – Director  
 Mr. Jay Sujir – Director  
 Mr. Enoch Kong – Chief Financial Officer and Corporate Secretary  
 Mr. Francis MacDonald – Executive Vice President – Exploration

See Schedule "F" - "*Information Concerning the Resulting Issuer – Directors, Officers and Promoters*".

### **Interests of Insiders, Promoters or Control Persons**

As of the date of this Circular, Insiders of Northway hold an aggregate of 15,386,000 Northway Shares, representing 37.28% of the issued and outstanding Northway Shares.

The following table shows the names of the Insiders of Northway (and any Associates and Affiliates) and the number and percentage of Northway Shares they currently hold and are expected to hold on completion of the Transaction:

| <b>Name of Insider</b>                                                     | <b>Northway Shares as at the date of this Circular</b> | <b>% of Northway Shares as at the date of this Circular</b> | <b>Resulting Issuer Shares after the Transaction</b> | <b>% of Shares of the Resulting Issuer after the Transaction</b> |
|----------------------------------------------------------------------------|--------------------------------------------------------|-------------------------------------------------------------|------------------------------------------------------|------------------------------------------------------------------|
| Zachary Flood<br><i>President, CEO and Director</i>                        | 1,386,000                                              | 3.35%                                                       | 3,758,000                                            | 8.26%                                                            |
| Enoch Kong<br><i>CFO and Corporate Secretary</i> <sup>(1)</sup>            | 100,000                                                | 0.24%                                                       | 14,285                                               | 0.03%                                                            |
| Kenorland<br><i>10% holder</i>                                             | 6,000,000                                              | 14.50%                                                      | Nil                                                  | N/A                                                              |
| Exploration Capital Partners 2012 Limited Partnership<br><i>10% holder</i> | 6,600,000                                              | 15.95%                                                      | 942,857                                              | 2.07%                                                            |
| Jamie Levy<br><i>Director</i> <sup>(2)</sup>                               | 400,000                                                | 0.97%                                                       | 107,142                                              | 0.24%                                                            |
| Rick Trotman<br><i>Director</i>                                            | 400,000                                                | 0.97%                                                       | 67,142                                               | 0.15%                                                            |
| Jessica Van Den Akker<br><i>Director</i>                                   | 200,000                                                | 0.48%                                                       | 48,571                                               | 0.11%                                                            |

| Name of Insider                             | Northway Shares as at the date of this Circular | % of Northway Shares as at the date of this Circular | Resulting Issuer Shares after the Transaction | % of Shares of the Resulting Issuer after the Transaction |
|---------------------------------------------|-------------------------------------------------|------------------------------------------------------|-----------------------------------------------|-----------------------------------------------------------|
| Jay Sujir<br><i>Director</i> <sup>(2)</sup> | 200,000                                         | 0.48%                                                | 103,571                                       | 0.23%                                                     |
| <b>TOTAL</b>                                | <b>15,386,000</b>                               | <b>37.18%</b>                                        | <b>5,041,568</b>                              | <b>11.09%</b>                                             |

**Notes:**

<sup>(1)</sup> Mr. Kong holds his shares indirectly through his holding corporation, 1013142 B.C. Ltd..

<sup>(2)</sup> Mr. Levy holds his shares indirectly through his holding corporation, J.B. Levy Corp.

<sup>(3)</sup> Mr. Sujir hold his shares indirectly through his law corporation, J. Sujir Law Corporation.

Assuming no conversion of convertible securities, the current Insiders of Northway will hold approximately 11.93% of the issued and outstanding Resulting Issuer Shares upon completion of the Transaction.

Please see "*Information Concerning the Resulting Issuer – Escrowed Securities*" and "*Pro-Forma Capitalization*" for additional information

### Arm's Length Transactions

**The Transaction is a Non-Arm's Length Transaction within the meaning of the Exchange Policies.** Please see "*Information Concerning the Transaction – Application of MI 61-101*" for additional particulars.

### Available Funds and Use of Proceeds

Upon completion of the Transaction and Financing and based on Northway having an estimated working capital of \$902,500 as at September 30, 2020 and Kenorland having an estimated working capital of \$999,700 as at September 30, 2020 and assuming receipt of additional gross proceeds of \$10,000,000 with respect to the Financing, the Resulting Issuer anticipates it will have estimated working capital of \$11,902,200 and will have an additional \$4,472,800 available to it from joint venture partners for its exploration programs. The principal purpose of such funds, after giving effect to the Transaction and for the 12 months thereafter, will be for, among other things, working capital and future exploration activities on the Resulting Issuer's mineral properties. It is anticipated that the Resulting Issuer will use such funds as follows:

| Principal Purpose                                                                                       | Budgeted Expenditures |
|---------------------------------------------------------------------------------------------------------|-----------------------|
| Estimated Transaction Costs                                                                             | \$350,000             |
| Agent's Commission and Agent's Expenses <sup>(1)</sup>                                                  | \$470,690             |
| Estimated general and administrative costs over the 12 months following the Closing Date <sup>(2)</sup> | \$1,160,900           |
| Exploration Expenditures on the Frotet Project <sup>(3)</sup>                                           | \$3,802,800           |
| Exploration Expenditures on the Tanacross Project <sup>(4)</sup>                                        | \$2,000,000           |
| Exploration Expenditures on the Healy Project <sup>(5)</sup>                                            | \$1,500,000           |
| Exploration Expenditures on the Resulting Issuer's other mineral properties <sup>(6)</sup>              | \$2,000,000           |
| Unallocated working capital <sup>(7)</sup>                                                              | \$5,090,610           |
| <b>Total</b>                                                                                            | <b>\$16,375,000</b>   |

**Notes:**

(1) Including commissions, fees and expenses paid pursuant to the Financing.

- (2) General and administrative costs for the next 12 months are expected to be comprised of: professional fees of \$240,000, stock exchange fees, filing fees and transfer agent costs of \$42,000, insurance expenses of \$37,200, office rents of \$48,000, travel expenses of \$48,000, marketing and shareholder communication costs of \$18,000, consulting fees of \$60,000, executive management fees of \$112,000 and salaries and wages of \$494,620 (See Schedule "F" "Information Concerning the Resulting Issuer -Executive Compensation"), and miscellaneous administrative and office costs of \$61,080.
- (3) Funded by SMMCL pursuant to the Frotet Option Agreement.
- (4) As recommended in the Tanacross Technical Report
- (5) The remaining amount required in order for Northway to meet its expenditure obligations for the period ended December 31, 2021 pursuant to the venture agreement between Northway and Newmont North America Exploration Limited
- (6) \$670,000 will be funded by joint venture partners
- (7) Unallocated funds will be added to the working capital of Northway and invested in short-term interest bearing obligations.

There may be circumstances where, for sound business reasons a reallocation of funds may be necessary. See Schedule "F" - "Information Concerning the Resulting Issuer – Available Funds and Principal Purposes".

### Selected Pro Forma Consolidated Financial Information

The following table sets forth certain pro forma financial information for Northway, Kenorland and the Resulting Issuer, on a consolidated basis, after giving effect to the Transaction and Financing and certain other adjustments and subject to the assumptions described in the notes to the unaudited consolidated pro forma financial statements of the Resulting Issuer which are attached as Schedules "O" hereto. The unaudited pro forma consolidated balance sheets have been prepared based on the assumption that, among other things, the Transaction occurred on June 30, 2020.

The following information should be read in conjunction with the financial statements and reports thereon included in this Circular, being the audited financial statements of Northway for the years ended March 31, 2020 and March 31, 2019, which are attached hereto as Schedule "K", and corresponding MD&A for the year ended March 31, 2020, which is attached hereto as Schedule "L"; the interim financial statements of Northway for the three months ended June 30, 2020, which is attached hereto as Schedule "M", and corresponding MD&A, which is attached hereto as Schedule "N, and all of which are incorporated by referenced into this Circular and available on SEDAR, the audited consolidated financial statements of Kenorland for the years ended December 31, 2019 and December 31, 2018, which are attached hereto as Schedule "G" and corresponding MD&A for the year ended December 31, 2019, which is attached hereto as Schedule "H", interim financial statements of Kenorland for the six months ended June 30, 2020, which are attached hereto as Schedule "I" and corresponding MD&A attached hereto as Schedule "J".

| Balance Sheet Data                     | Northway as at June 30, 2020<br>(unaudited) | Kenorland as at June 30, 2020<br>(unaudited) | Pro Forma as at June 30, 2020 |
|----------------------------------------|---------------------------------------------|----------------------------------------------|-------------------------------|
| <b>Assets:</b>                         |                                             |                                              |                               |
| Current Assets                         | \$1,379,241                                 | \$2,146,053                                  | \$12,475,294                  |
| Non-current Assets                     | \$1,123,269                                 | \$2,235,568                                  | \$2,741,972                   |
| Total Assets                           | \$2,502,510                                 | \$4,381,621                                  | \$15,217,266                  |
| <b>Liabilities:</b>                    |                                             |                                              |                               |
| Current Liabilities                    | \$112,359                                   | \$1,078,514                                  | \$1,190,873                   |
| Non-current Liabilities                | \$-                                         | \$40,973                                     | \$40,973                      |
| Total Liabilities                      | \$112,359                                   | \$1,119,487                                  | \$1,231,846                   |
| <b>Shareholder's Equity:</b>           |                                             |                                              |                               |
| Share Capital                          | \$2,678,566                                 | \$3,089,770                                  | \$17,131,893                  |
| Reserves                               | \$399,994                                   | \$398,511                                    | \$711,530                     |
| Accumulated other comprehensive income | \$-                                         | \$(678)                                      | \$(678)                       |
| Deficit                                | \$(688,409)                                 | \$(225,469)                                  | \$(3,857,325)                 |
| Total Equity (Deficit)                 | \$2,390,151                                 | \$3,262,134                                  | \$13,985,420                  |



## Market for Securities

The Northway Shares are currently listed on the Exchange for trading under the symbol NTW. The price of the Northway Shares on July 24, 2020, being the last day on which the Northway Shares traded prior to the halt of trading of the Northway Shares pending the announcement of the Transaction was \$0.14. The Northway Shares have been halted from trading on the Exchange since July 24, 2020. See "*Schedule "D" - Information Concerning Northway – Stock Exchange Price*" for more information.

Upon completion of the Transaction, the Resulting Issuer Shares will continue to be listed on the Exchange under a new trading symbol to be determined.

There is no public market for the Kenorland Shares.

## Sponsor

Pursuant to the Sponsorship Policy, sponsorship is generally required in conjunction with a Reverse Takeover. Northway has received an exemption from the Exchange from the sponsorship requirement.

Please see "*General Matters – Sponsorship*".

## Conflicts of Interest

Directors or officers of the Resulting Issuer may, from time to time, serve as directors or officers of, or participate in ventures with, other companies involved in the mining industry. Accordingly, conflicts of interest may arise which could influence these persons in evaluating possible business opportunities or in generally acting on behalf of the Resulting Issuer, notwithstanding that they will be bound by the provisions of the BCBCA to act at all times in good faith in the interests of the Resulting Issuer and to disclose such conflicts to the Resulting Issuer, if and when they arise. As of the date of this Circular, to the best of its knowledge, neither Northway nor Kenorland is not aware of the existence of any conflicts of interest between Northway or Kenorland, as the case may be and any of the directors or officers of Northway or Kenorland, as applicable. Please see Schedule "F" - "*Information Concerning the Resulting Issuer – Conflicts of Interest*".

For information concerning the director and officer positions held by the proposed directors and officers of the Resulting Issuer, please see Schedule "F" - "*Information Concerning the Resulting Issuer – Other Reporting Issuer Experience*".

## Interest of Experts

To the best of Northway's and Kenorland's knowledge, no direct or indirect interest in Northway or Kenorland is held or will be received by any experts responsible for opinions or reports referred to in this Circular. No expert is expected to be elected, appointed or employed as a director, officer or employee of the Resulting Issuer. Please see "*General Matters – Experts*" for more information.

## Risk Factors

**In considering approval of the Transactions, Shareholders should carefully consider certain risks relating to the Transaction and risks involved in the business of the Resulting Issuer.**

There can be no assurance that debt or equity financing or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to the Resulting Issuer. Shareholders of the Resulting Issuer must rely on the ability, expertise, judgment, discretion, integrity and good faith of the management of Resulting Issuer. The Resulting Issuer's inability to access sufficient capital for the Resulting Issuer's operations could have a material adverse effect on the Resulting Issuer's financial condition, results of operations or prospects.



See "*Risk Factors*" for a more detailed description of these risk factors and other risks. Resulting Issuer Shares are a risky and speculative investment".

**Exchange Approval**

Documentation respecting the Transaction has been filed with the Exchange, but the Exchange has not yet conditionally accepted the Transaction. Acceptance of the Transaction by the Exchange will be subject to Northway fulfilling all of the requirements of the Exchange.

**There can be no assurances that the Exchange will approve the Transaction or the listing of the Resulting Issuer.**

**Accompanying Documents**

This Circular is accompanied by several Schedules which are incorporated by reference into, form an integral part of, and should be read in conjunction with this Circular. It is recommended that Shareholders read this Circular and the attached Schedules in their entirety.

## VIRTUAL MEETING

This year to mitigate risks the health and safety of Northway and Kenorland's shareholders, employees and other stakeholders, each of Northway and Kenorland will be holding the Meetings in a virtual only format. Shareholders will have an equal opportunity to participate at the Meetings online regardless of geographic location. Registered Shareholders and proxyholders will be able to attend the virtual meetings and vote. Non-registered shareholders who have not duly appointed themselves as proxyholder will be able to attend the virtual Meetings as a guest, but will not be able to vote at the Meetings. This is because each of Kenorland and Northway and its transfer agent, do not have a record of the non-registered shareholders, and, as a result, will have no knowledge of their shareholdings or entitlement to vote unless they appoint themselves as proxyholder. Please see "*Appointment of Proxies*" and "*Revocation of Proxies*" below.

The Meetings will be held via the Zoom meeting platform. In order to access the Meetings, shareholders will have two options, being via teleconference or through the Zoom application, which requires internet connectivity. Registered Shareholders wishing to vote in person and any shareholders wishing to view materials that may be presented by the Management will need to utilize the Zoom application, but any shareholder may listen to the Meetings via teleconference. Registered Shareholders participating via teleconference will not be able to vote in person at the Meetings as the meeting scrutineers must take steps to verify the identity of registered shareholders using the video features.

In order to dial into the Meetings, shareholders will phone 1-778-907-2071 and enter the Meeting ID and Password noted below.

In order to access the Meetings through Zoom, shareholders will need to download the application onto their computer or smartphone and then once the application is loaded, enter the respective Meeting ID and Password below or open the following link:

### ***Northway Meeting***

<https://us02web.zoom.us/j/89745568058?pwd=c3J5WlJtTHFsbkRySmFOMmhTbjcyZz09>

Shareholders will have the option through the application to join the video and audio or simply view and listen.

Meeting ID: 897 4556 8058

Password: 448075

### ***Kenorland Meeting***

<https://us02web.zoom.us/j/89745568058?pwd=c3J5WlJtTHFsbkRySmFOMmhTbjcyZz09>

Shareholders will have the option through the application to join the video and audio or simply view and listen.

Meeting ID: 897 4556 8058

Password: 448075

It is the shareholders responsibility to ensure connectivity during the meeting and the Company encourages its shareholders to allow sufficient time to log in to the Meeting before it begins

## GENERAL PROXY INFORMATION

### Solicitation of Proxies

This Circular is furnished in connection with the solicitation of proxies by management of Northway and Kenorland for use at the Meetings, and at any adjournment thereof. The solicitation will be by mail and possibly supplemented by telephone, electronic communications or other personal contact to be made without special compensation by regular officers and employees of Northway and Kenorland, as applicable. No solicitation will be made by specifically engaged employees or soliciting agents. The cost of solicitation will be borne by Northway and Kenorland, respectively. Neither Northway nor Kenorland reimburses Shareholders, nominees or agents for the costs incurred in obtaining from their principals authorization to execute forms of proxy. Northway and Kenorland have arranged for intermediaries to forward meeting materials to Beneficial Shareholders held as of record by those intermediaries and Northway and Kenorland may reimburse the intermediaries for their reasonable fees and disbursements in that regard.

### Appointment of Proxies

Accompanying this Circular are forms of proxy for Registered Shareholders. The persons named in the form of proxy are directors and/or officers of Northway or Kenorland, as applicable, and are proxyholders nominated by the Northway Board or Kenorland Board. **A Shareholder has the right to appoint a person (who need not be a Shareholder) to attend and act on its behalf at the Meetings other than the persons named in the enclosed instrument of proxy. To exercise this right, a Shareholder must strike out the names of the nominees of management named in the instrument of proxy and insert the name of its nominee in the blank space provided on the proxy, or complete another instrument of proxy.**

**The completed instrument of proxy for Northway must be dated and signed and the duly completed instrument of proxy must be deposited at Northway's transfer agent, COMPUTERSHARE INVESTOR SERVICES INC. no later than forty eight (48) hours (excluding Saturdays, Sundays and holidays) prior to the time of the Northway Meeting, or adjournment or postponement thereof or may be accepted by the chairman of the Northway Meeting, prior to the commencement of the Northway Meeting. The mailing address for proxies for Northway is:**

**Computershare Investor Services Inc.**  
**100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1**  
**Fax number: 1-866-249-7775**  
**Vote by Phone:**  
**Registered Shareholders: 1-866-732-VOTE (8683)**  
**Beneficial Shareholders: 1-866-734-VOTE (8683)**  
**Vote Online: [www.investorvote.com](http://www.investorvote.com)**

**The completed instrument of proxy for Kenorland must be dated and signed and the duly completed instrument of proxy must be deposited at Kenorland's registered offices no later than forty eight (48) hours (excluding Saturdays, Sundays and holidays) prior to the time of the Kenorland Meeting, or adjournment or postponement thereof or may be accepted by the chairman of the Kenorland Meeting, prior to the commencement of the Kenorland Meeting. The mailing address for proxies for Kenorland is:**

**Kenorland Minerals Ltd.**  
**c/o Osler, Hoskin & Harcourt LLP**  
**Attention: Alan Hutchison / Nicole Ladeur**  
**Suite 1700 – 1055 West Hastings Street, Vancouver, British Columbia, V6E 2E9**  
**Fax number: 778 785 2745**  
**Email: [ahutchison@osler.com](mailto:ahutchison@osler.com) / [nladeur@osler.com](mailto:nladeur@osler.com)**

The instrument of proxy must be signed by the Shareholder or by his duly authorized attorney. If signed by a duly authorized attorney, the instrument of proxy must be accompanied by the original power of attorney or a notarially certified copy thereof.

### **Voting of Shares and Exercise of Discretion of Proxies**

If a Shareholder specifies a choice with respect to any matter to be acted upon, the Northway Shares or Kenorland Shares, as applicable, represented by proxy will be voted or withheld from voting by the proxyholder in accordance with those instructions on any ballot or poll that may be called for.

**In the enclosed form of proxy, in the absence of any instructions in the proxy, it is intended that such Northway Shares and Kenorland Shares will be voted by the proxyholder, if a nominee of management, in favour of the motions proposed to be made at the Meetings, and more specifically in favor of the Transaction and in the case of Northway, the Incentive Plan, as stated under the headings in the Notice of Meetings to which this Circular is attached.** If any amendments or variations to such matters, or any other matters, are properly brought before the Meetings, the proxyholder, if a nominee of management, will exercise its discretion and vote on such matters in accordance with its best judgment.

The instrument of proxy enclosed, in the absence of any instructions in the proxy, also confers discretionary authority on any proxyholder other than the nominees of management named in the instrument of proxy with respect to the matters identified herein, amendments or variations to those matters, or any other matters which may properly be brought before the Meetings. To enable a proxyholder to exercise its discretionary authority a Shareholder must strike out the names of the nominees of management in the enclosed instrument of proxy and insert the name of its nominee in the space provided, and not specify a choice with respect to the matters to be acted upon. This will enable the proxyholder to exercise its discretion and vote on such matters in accordance with its best judgment.

At the time of printing this Circular, management of Northway and Kenorland are not aware that any amendments or variations to existing matters or new matters are to be presented for action at the Meetings.

### **Revocation of Proxies**

A proxy may be revoked by:

- (a) signing a proxy bearing a later date and depositing it at the place and within the time aforesaid.
- (b) in the case of a Northway proxy, signing and dating a written notice of revocation (in the same manner as the proxy is required to be executed, as set out in the notes to the proxy) and either delivering the same to Computershare Trust Company of Canada at 3rd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9 Tel. (604) 661-9438 Fax (604) 661-9401, at any time up to and including the last Business Day preceding the day of the Meeting, or any adjournment thereof at which the proxy is to be used, or to the Chairman of the Meeting on the day of the Meeting or any adjournment thereof.
- (c) in the case of a Kenorland proxy, signing and dating a written notice of revocation (in the same manner as the proxy is required to be executed, as set out in the notes to the proxy) and either delivering the same to Kenorland Minerals Ltd. c/o Osler, Hoskin & Harcourt LLP, Suite 1700 – 1055 West Hastings Street, Vancouver, British Columbia, V6E 2E9, Tel. (778) 785-3000, Fax. (778) 785-2745, Email: ahutchison@osler.com / nladeur@osler.com at any time up to and including the last Business Day preceding the day of the Meeting, or any adjournment thereof at which the proxy is to be used, or to the Chairman of the Meeting on the day of the Meeting or any adjournment thereof.
- (d) attending the Meetings or any adjournment thereof and registering with the Scrutineer thereat as a shareholder present in person, whereupon such proxy shall be deemed to have been revoked.
- (e) in any other manner provided by law.

**Only registered Shareholders have the right to revoke a proxy. A Beneficial Shareholder who wishes to change its vote must, at least seven days before the Meetings, arrange for its Intermediary to revoke its proxy on its behalf.**

#### **Advice to Beneficial Shareholders**

**The information set forth in this section is of significant importance to many Shareholders, as many Shareholders do not hold their Northway Shares or Kenorland Shares, as applicable, in their own name.** Beneficial Shareholders should note that only proxies deposited by Shareholders appearing on the records maintained by Northway's transfer agent or by Kenorland's registered offices as registered Shareholders will be recognized and allowed to vote at the Meetings, as applicable. If a Shareholder's Northway Shares or Kenorland Shares are listed in an account statement provided to the Shareholder by a broker, in all likelihood those shares are not registered in the Shareholder's name and that Shareholder is a Beneficial Shareholder. Such shares are most likely registered in the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co., the registration name for The Canadian Depository for Securities, which acts as nominee for many Canadian brokerage firms. Northway Shares or Kenorland Shares held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted at the Meetings at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting Northway Shares or Kenorland Shares for the broker's clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate party well in advance of the Meetings.**

In accordance with the requirements of National Instrument 54-101 – *Communications with Beneficial Owners of Securities of a Reporting Issuer* ("NI 54-101") of the Canadian Securities Administrators, Northway has distributed copies of the Notice of Meeting, this Circular and the instruments of proxy to the clearing agencies and Intermediaries for onward distribution to Beneficial Shareholders. Intermediaries are required to forward Northway's proxy solicitation materials to Beneficial Shareholders unless a Beneficial Shareholder has waived the right to receive them under NI 54-101. **Northway has determined not to pay for the distribution by Intermediaries of the Meeting Materials to holders who have advised the Intermediaries that they object to the disclosure of ownership information about the Beneficial Shareholder and such Beneficial Shareholders will not receive the Meeting Materials unless their Intermediary assumes the costs of such delivery.**

Regulatory policies require Intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholder meetings. The vast majority of Intermediaries now delegate responsibility for obtaining instructions from Beneficial Shareholders to Broadridge Financial Solutions Inc. ("Broadridge") in Canada. Broadridge typically prepares a machine-readable Request for Voting Instructions ("VIF"), mails these VIFs to Beneficial Shareholders and asks Beneficial Shareholders to return the VIFs to Broadridge, usually by way of mail, the Internet or telephone. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting by proxies for which Broadridge has solicited voting instructions. **A Beneficial Shareholder who receives a Broadridge VIF cannot use that form to vote shares directly at the Meetings. The VIF must be returned to Broadridge (or instructions respecting the voting of shares must otherwise be communicated to Broadridge) well in advance of the Meetings in order to have the shares voted. If you have any questions respecting the voting of Northway Shares or Kenorland Shares held through an Intermediary, please contact that Intermediary for assistance.**

The purpose of this procedure is to permit Beneficial Shareholders to direct the voting of the Northway Shares or Kenorland Shares which they beneficially own. **A Beneficial Shareholder receiving a VIF cannot use that form to vote Northway Shares or Kenorland Shares directly at the Meetings. Beneficial Shareholders should carefully follow the instructions set out in the VIF including those regarding when and where the VIF is to be delivered.** Should a Beneficial Shareholder who receives a VIF wish to attend the Meetings or have someone else attend on their behalf, the Beneficial Shareholder may request a legal proxy as set forth in the VIF, which will grant the Beneficial Shareholder or their nominee the right to attend and vote at the Meetings, as applicable.

All references to Shareholders in this Circular and the accompanying instrument of proxy and Notice of Meetings are to Registered Shareholders unless specifically stated otherwise.

## **Record Date**

Only Shareholders of record on the close of business on November 16, 2020, who either personally attend the Northway Meeting or Kenorland Meeting, as applicable, or who complete and deliver an instrument of proxy in the manner and subject to the provisions set out under the heading "*Appointment of Proxies*" and "*Revocation of Proxies*" will be entitled to have his or her Northway Shares or Kenorland Shares voted at the Northway Meeting or Kenorland Meeting, as applicable, or any adjournment or postponement thereof.

## **Indebtedness of Directors and Senior Officers**

None of the directors or senior officers of Northway or Kenorland, no proposed nominee for election as a director of Northway and no associates or affiliates of any of them, is or has been indebted to Northway or Kenorland or their respective subsidiaries at any time since the beginning of Northway's or Kenorland's last completed financial year, as applicable.

## **Interest of Certain Persons or Companies in Matters to be Acted Upon**

In considering the recommendation of the Northway Board and the Kenorland Board with respect to the Transaction, Shareholders should be aware that certain members of each of Northway and Kenorland's senior management and board of directors have certain interests in connection with the Transaction that may be different from, and/or in addition to the interests of Shareholders generally or which present them with actual or potential conflicts of interest in connection with the Transaction. Each of the Special Committee, the Northway Board and the Kenorland Board was aware of these potential interests and considered them, along with other matters, in reaching their respective decisions to approve the Transaction and to recommend that Shareholders vote FOR the Northway Resolution and Kenorland Resolution, respectively. Except as described below, to the knowledge of Northway and Kenorland, the directors and executive officers of Northway and Kenorland have no material interest in the Transaction that differs from the interests of Shareholders generally.

Zachary Flood, a director and officer of both Northway and Kenorland and a Shareholder of both Parties disclosed the nature and extent of a conflict or potential conflict of interest when the proposed Transaction was first discussed and confirmed he would be recusing himself from participation in considering, negotiating and in voting on, matters related to the proposed Transaction.

Except as otherwise described in this Circular, there are no agreements or arrangements between Northway, Kenorland and any director, officer or proposed director and officer of Northway or Kenorland in respect of the Transaction and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meetings.

## **Interest of Informed Persons in Material Transactions**

For the purposes of this Circular, "informed person" means:

- (a) a director or executive officer of Northway or Kenorland, as applicable;
- (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of Northway or Kenorland, as applicable;
- (c) any person or company who beneficially owns, directly or indirectly, voting securities of Northway or Kenorland, as applicable or who exercises control or direction over voting securities of Northway or Kenorland, as applicable, or a combination of both, carrying more than 10% of the voting rights attached to all outstanding voting securities of Northway or Kenorland, as applicable, other than voting securities held by the person or company as underwriter in the course of a distribution; and
- (d) Northway or Kenorland, as applicable, if it has purchased, redeemed or otherwise acquired any of its own securities, for so long as it holds any of its securities.

Other than as disclosed elsewhere in this Circular or in their capacity as a Shareholder and being treated equally to all other Shareholders, no informed person, no proposed director of Northway or Kenorland, and no associate or affiliate of any such informed person or proposed director, has any material interest, direct or indirect, in any material transaction since the commencement of Northway's or Kenorland's last completed financial year or in any proposed transaction, which, in either case, has materially affected or will materially affect Northway, Kenorland or any of their subsidiaries.

## **Voting Shares Requisite Shareholder Approvals**

### ***Northway***

The authorized capital of Northway consists of an unlimited number of Northway Shares. Each Northway Shareholder of record at the close of business on the Record Date will be entitled to receive notice of and vote at the Northway Meeting, or any adjournment or postponement thereof, in person or by proxy. As of the Record Date, Northway had 41,386,000 Northway Shares issued and outstanding, each Northway Share carrying the right to one vote. The Northway Shareholders are entitled to one vote for each Northway Share held.

In order to be effective, (i) the Northway Resolution to be submitted to the Northway Shareholders at the Northway Meeting must receive Minority Approval, (ii) the resolution approving the Incentive Plan must be approved by the affirmative vote of a simple majority of the votes cast by disinterested Northway Shareholders thereon, and (iii) the resolution approving certain amendments to the Northway Option Plan must also be approved by the affirmative vote of a simple majority of the votes cast by disinterested Northway Shareholders thereon.

A quorum at the Northway Meeting will consist of at least two Northway Shareholders present in person or represented by proxy, representing at least 5% of the outstanding Northway Shares in aggregate.

### ***Kenorland***

The authorized capital of Kenorland consists of an unlimited number of Kenorland Shares. Each Kenorland Shareholder of record at the close of business on the Record Date will be entitled to receive notice of and vote at the Kenorland Meeting, or any adjournment or postponement thereof, in person or by proxy. As of the Record Date, Kenorland had 15,209,001 Kenorland Shares issued and outstanding, each Kenorland Share carrying the right to one vote. The Kenorland Shareholders are entitled to one vote for each Kenorland Share held.

In order to be effective, the Kenorland Resolution to be submitted to the Kenorland Shareholders at the Kenorland Meeting must be approved by the affirmative vote of at least two-thirds (2/3) of the votes cast by Kenorland Shareholders thereon.

A quorum at the Kenorland Meeting will consist of at least two (2) Kenorland Shareholders present in person or represented by proxy, representing at least five percent (5%) of the issued and outstanding Kenorland Shares entitled to be voted at the Kenorland Meeting.

## **Principal Shareholders**

### ***Northway***

To the knowledge of the Directors and Senior Officers of Northway, only the following own, directly or indirectly, or exercise control or direction over, shares carrying more than 10% of the voting rights attached to all outstanding shares of Northway:

| <b>Name of Shareholder</b> | <b>Number of Northway Shares</b> | <b>Percentage of Issued and Outstanding Northway Shares</b> |
|----------------------------|----------------------------------|-------------------------------------------------------------|
| Kenorland                  | 6,000,000                        | 14.50%                                                      |

| Name of Shareholder                                   | Number of Northway Shares | Percentage of Issued and Outstanding Northway Shares |
|-------------------------------------------------------|---------------------------|------------------------------------------------------|
| Exploration Capital Partners 2012 Limited Partnership | 6,600,000                 | 15.95%                                               |

**Notes**

- (1) Exploration Capital Partners 2012 Limited Partnership is a limited partnership of which Sprott Global Resource Investments Ltd. is the general partner.

***Kenorland***

To the knowledge of the Directors and Senior Officers of Kenorland, only the following own, directly or indirectly, or exercise control or direction over, shares carrying more than 10% of the voting rights attached to all outstanding shares of Kenorland:

| Name of Shareholder          | Number of Kenorland Shares | Percentage of Issued and Outstanding Kenorland Shares |
|------------------------------|----------------------------|-------------------------------------------------------|
| John Tognetti <sup>(1)</sup> | 4,980,000                  | 32.75%                                                |
| Zachary Flood                | 1,780,001                  | 11.70%                                                |
| Francis MacDonald            | 1,640,000                  | 10.78%                                                |

**Notes**

- (1) Of which 4,850,000 Kenorland Shares are held directly and 230,000 Kenorland Shares are held through San Jacopo Trading Inc. is an entity owned and controlled by John Tognetti. Mr. Tognetti is a Member of the pro group.

**PARTICULARS OF MATTERS TO BE ACTED UPON AT THE NORTHWAY MEETING****Proposed Transaction**

Northway, Kenorland and Subco have entered into the Amalgamation Agreement providing for the completion of the Transaction. At the Northway Meeting, the Northway Shareholders will be asked to consider and, if deemed advisable, approve the Northway Resolution set forth in Schedule “A” hereto to approve the Transaction.

The Northway Resolution must receive Minority Approval. **It is the intention of the persons named in the enclosed proxy, in the absence of instructions to the contrary, to vote the proxy in favour of Northway Resolution.**

**Approval of Long-Term Incentive Plan*****Introduction***

Kenorland currently has 550,000 Kenorland RSUs outstanding. Pursuant to the Amalgamation Agreement, the Kenorland RSUs will become exercisable into 1,100,000 Resulting Issuer Shares having regard for the Exchange Ratio.

In order to accommodate the creation of RSUs in the capital of the Resulting Issuer upon completion of the Transaction, it is necessary for Northway to adopt a long-term incentive plan which would be separate and apart from the Northway Option Plan.

Stock appreciation rights (“SARs”), deferred stock units (“DSUs”), restricted share units (“RSUs”) and other share-based awards (each an “Award”) may be issued pursuant to the Incentive Plan, while stock options would continue to be issued under the Northway Option Plan.



### ***Purpose of the Incentive Plan***

The purpose of the Incentive Plan is to advance the interests of the Resulting Issuer and its affiliates by: (a) attracting, rewarding and retaining highly competent persons as directors, officers, employees and consultants of the Resulting Issuer; (b) providing additional incentives to such persons by aligning their interests with those of the Shareholders; and (c) promoting the success of the Resulting Issuer's business.

### ***Administration of the Incentive Plan***

The Incentive Plan will be administered by the Board of Directors of the Resulting Issuer which has the power, subject to the specific provisions of the Incentive Plan to, among other things: (a) establish policies, rules and regulations for carrying out the purposes, provisions and administration of the Incentive Plan; (b) interpret, construe and determine all questions arising out of the Incentive Plan and any Award; (c) determine those persons considered Eligible Persons (being directors, officers, employees, management company employees or consultants of Northway or its affiliates); (d) grant and determine the number of Awards; (e) determine the exercise criteria, Option Price (as defined below) of a stock appreciation right (a "SAR") (provided it not be less than the last closing price of the Resulting Issuer Shares on the Exchange on the last trading date immediately preceding the relevant date ("Market Price")), time when Awards will be exercisable or redeemable and whether the Northway Shares that are subject to an Award will be subject to any restrictions upon the exercise or redemption thereof; (f) prescribe the form of the instruments or award agreements relating to the Awards; (g) correct any defect or omission, or reconcile any inconsistency in the Incentive Plan and any award agreement; (h) authorize withholding arrangements; and (i) take all other actions necessary or advisable for administering the Incentive Plan.

### ***Eligible Persons***

The Incentive Plan authorizes the Northway Board (or a committee of the Northway Board if so authorized by the Northway Board) to grant Awards to Eligible Persons. Eligible Persons who have received Awards are referred to herein as "Participants".

### ***Description of Awards***

Pursuant to the Incentive Plan, Northway is authorized to issue Awards to Eligible Persons, which may be settled in shares issued from treasury, or in cash. The Incentive Plan also gives the Northway Board discretion to make other equity incentive awards, subject to the approval of the Exchange.

#### **(a) SARs**

A SAR is a right to receive a cash payment equal to the difference between the Option Price and the Market Price of a Northway Share on the date of exercise (the "SAR Amount"). A SAR may be granted in relation to a Northway Option or on a stand-alone basis. SARs granted in relation to a Northway Option shall be exercisable only at the same time, by the same persons and to the same extent, that the related Northway Option is exercisable. SARs granted on a stand-alone basis shall be granted on such terms as shall be determined by the Northway Board and set out in the Award agreement, provided that the Option Price shall not be less than the Market Price of the Northway Shares on the date of grant. SARs may be settled in cash or (at the election of Northway) Northway Shares with an aggregate Market Price equal to the SAR Amount.

#### **(b) RSUs**

An RSU is a right to receive a Northway Share issued from treasury or, if the award agreement so provides, the Participant may elect to have some or all of such person's RSUs settled by a cash payment equal to the Market Price of a Northway Share redeemable after the passage of time, the achievement of performance targets or both. RSUs shall be granted on terms determined by the Northway Board based on its assessment, for each Participant, of the current and potential contribution of such person to the success of Northway. The Northway Board shall determine the effective date of the grant and the number of RSUs granted. The Northway Board shall also determine the applicable term, the vesting terms and the exercise criteria of each RSU.

## (c) DSUs

A DSU is a right, redeemable only after the Participant has ceased to hold all positions with Northway or has otherwise ceased to be an Eligible Person, to a cash payment equal to the Market Price of a Northway Share on the termination date of a Participant or, if applicable, to one fully paid and non-assessable Share issued from treasury. Participants have no right or ability to exercise, receive or otherwise demand payment of the value of DSUs granted to them prior to ceasing to hold all positions with Northway or to otherwise cease to be an Eligible Person.

## (d) All Awards and Other Awards

Awards may be granted alone, in addition to, or in tandem with any other Award or any award granted under another plan of Northway or an affiliate. Awards granted in addition to or in tandem with other Awards may be granted either at the same time or at different times. The date of grant, the number of Northway Shares, the vesting period and any other terms and conditions of Awards granted pursuant to the Incentive Plan are to be determined by the Northway Board, subject to the express provisions of the Incentive Plan. The Northway Board may also grant other share-based awards to Eligible Persons pursuant to the Incentive Plan. All such awards shall be granted on terms determined by the Northway Board and shall be subject to the approval of the Exchange, if required.

***Share Purchase Program***

The Northway Board may institute a share purchase program (the “SPP”) for designated Eligible Persons (each a “SPP Eligible Person”). Pursuant to the SPP, the Northway Board could grant to each SPP Eligible Person one Northway Option and/or one SAR for each Northway Share purchased by such person up to a maximum number of Northway Options and/or SARs for each Eligible Person as may be determined from time to time by the Board. Any such Northway Options for SPP Eligible Persons will be granted under and governed by the Northway Option Plan.

***Restrictions on Awards***

The aggregate number of Northway Shares issuable: (a) to insiders of Northway within any one year period under the Incentive Plan, together with any other security-based compensation arrangement, cannot exceed 10% of the outstanding Northway Shares (on a non-diluted basis); and (b) at any time under the Incentive Plan, together with any other security-based compensation arrangement, cannot exceed 10% of the outstanding Northway Shares (on a non-diluted basis). Additionally:

- o no Eligible Person (being directors, officers, employees, management company employees or consultants of Northway or its affiliates) may be granted Awards and/or stock options (“Northway Options”) to acquire more than 5% of the issued and outstanding Northway Shares (on a non-diluted basis, calculated as at the time of the grant of such Awards and/or Northway Options) in any 12-month period unless Northway has obtained disinterested shareholder approval in connection therewith;
- o no consultant may be granted Awards and/or Northway Options to acquire more than 2% of the issued and outstanding Northway Shares (on a non-diluted basis, calculated as at the time of the grant of such Awards and/or Northway Options) in any 12-month period; and
- o the aggregate number of Awards and/or Northway Options granted to Eligible Persons retained to provide investor relations activities shall not exceed 2% of the issued and outstanding Northway Shares (on a non-diluted basis, calculated as at the time of the grant of such Awards and/or Northway Options) in any 12-month period.

Furthermore, the aggregate number of Northway Shares to be reserved for issuance upon the exercise or redemption of all Awards granted under the Incentive Plan, shall not exceed 1,500,000 or such number as may be approved by the Exchange and the Northway Shareholders from time to time.

### ***Substitute Awards***

Subject to Exchange approval, the Northway Board may grant Awards under the Incentive Plan in substitution for share and share-based awards held by employees, directors, consultants or advisors of another company (an “**Acquired Company**”) in connection with a merger, consolidation or similar transaction involving such Acquired Company and Northway (or an affiliate thereof) or the acquisition by Northway (or an affiliate thereof) of property or stock of the Acquired Company.

### ***Termination***

Subject to the provisions of the Incentive Plan, any express resolution passed by the Northway Board and the terms of any award agreement, all Awards, and all rights to acquire Northway Shares pursuant thereto, granted to a Participant shall expire and terminate immediately upon such person’s termination date. If, however, before the expiry of an Award, a Participant ceases to be an Eligible Person for any reason, other than termination by Northway for cause, such Award may be exercised or redeemed, as applicable, by the holder thereof at any time within 90 days following their termination date or, if the person is deceased, at any time within six months following his or her death, subject to the provisions of the Incentive Plan, the terms set out in the applicable award agreement and any determination made by the Northway Board to accelerate the vesting of or to extend the expiry of an Award. In any event, the exercise or redemption of an Award must occur prior to any applicable expiry date. In addition, an Award is only exercisable or redeemable to the extent that the Participant was otherwise entitled to exercise or redeem the Award unless otherwise determined by the Northway Board. If a Participant is terminated for cause, all unexercised or unredeemed Awards (vested or unvested) shall be terminated immediately.

### ***Adjustments***

If a formal bid for the Northway Shares is made (an “Offer”), all Northway Shares subject to outstanding Awards not then exercisable or redeemable shall become exercisable or redeemable and a Participant shall be entitled to exercise or redeem all or any part of the Award and tender the Northway Shares acquired into the Offer. In the event of any stock dividend, stock split, combination or exchange of shares, merger, amalgamation, acquisition, divestiture, consolidation, spin-off or other distribution (other than normal cash dividends) of Northway’s assets to Northway Shareholders, or any other change in the capital of Northway affecting Northway Shares, the Northway Board will, subject to Exchange approval, make such proportionate adjustments, if any, to outstanding Awards as the Northway Board in its discretion may deem appropriate to reflect such change.

### ***Change of Control***

In the event of a change of control (“CoC”) of Northway or of an affiliate of which a Participant is an employee, with respect to all RSU grants, SARs and DSUs that are outstanding for such Participant on the date of the CoC (the “CoC Date”), (i) all vesting criteria and exercise criteria, if any, applicable to such RSUs, SARs and DSUs shall be deemed to have been satisfied as of the CoC Date; and (ii) except as may be otherwise provided under the terms of any other employee benefit plan approved by the Northway Board, each Participant who has received any such RSU grants or SARs shall be entitled to receive, in full settlement of such RSU grants or SARs, a cash payment equal (A) in the case of a RSU, the Special Value (as defined herein); and (B) in the case of a SAR, the difference between the Special Value and the Option Price in respect of such SAR, in each case, payable on the date which is ten Business Days following the CoC Date. In the event of a CoC, the right of a Participant to receive a payment in respect of a DSU will not be triggered prior to such Participant’s termination date. As used herein, the term “Special Value” means (i) if any Northway Shares are sold as part of the transaction constituting the CoC, the weighted average of the prices paid for such shares by the acquirer, provided that if any portion of the consideration is paid in property other than cash, then the Board shall determine the fair market value of such property for purposes of determining the Special Value; and (ii) if no Northway Shares are sold, the Market Price of a Northway Share on the day immediately preceding the date of the CoC.

### ***Acceleration of Awards***

Notwithstanding any other provision of the Incentive Plan, the Northway Board may at any time give notice to Participants advising that their respective Awards (other than a DSU) are all immediately exercisable or redeemable and may be exercised or redeemed only within 30 days of such notice or such other period as determined by the Northway Board and will otherwise terminate at the expiration of such period.

### ***Amendment Procedure***

The Incentive Plan contains a formal amendment procedure. The Northway Board may amend certain terms of the Incentive Plan without requiring the approval of the Northway Shareholders, unless specifically required by the Exchange. Amendments not requiring Northway Shareholder approval include, without limitation: (a) altering, extending or accelerating Award vesting terms and conditions; (b) amending the termination provisions of an Award; (c) determining adjustments pursuant to the provisions of the Incentive Plan concerning corporate changes; (d) amending the definitions contained in the Incentive Plan; (e) amending or modifying the mechanics of exercising or redeeming Awards; (f) amending provisions relating to the administration of the Incentive Plan; (g) making “housekeeping” amendments, such as those necessary to cure errors or ambiguities contained in the Incentive Plan; (h) effecting amendments necessary to comply with the provisions of applicable laws; and (i) suspending or terminating the Incentive Plan.

The Incentive Plan specifically provides that the following amendments require Shareholder approval: (a) increasing the number of Northway Shares issuable under the Incentive Plan; (b) amending the Incentive Plan if such amendment could result in the aggregate number of Northway Shares issued to insiders within any one year period or issuable to insiders at any time under the Incentive Plan, together with any other security-based compensation arrangement, exceeding 10% of the outstanding Northway Shares; (c) amending the class of Eligible Persons which would have the potential of broadening or increasing participation in the Incentive Plan by insiders; (d) amending the formal amendment procedures of the Incentive Plan; and (e) making any amendments to the Incentive Plan required to be approved by the Northway Shareholders under applicable law.

### ***Other Terms***

Except as provided or with the consent of Northway and any applicable regulatory authority, all Awards under the Incentive Plan will be non-assignable.

### ***Shareholder Approval***

The description above is intended as a summary only and is qualified in its entirety by reference to the Incentive Plan which is attached as Schedule “P” hereto.

At the Meeting, the disinterested Northway Shareholders (being the Northway Shareholders excluding the directors and officers of Northway) will be asked to consider and, if deemed advisable, to approve, with or without variation, a resolution (the “Incentive Plan Resolution”) approving, confirming and ratifying the Incentive Plan. The text of the Incentive Plan Resolution is as follows:

“RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. The Incentive Plan, attached as Schedule “P” to this Circular is hereby approved, confirmed and ratified.
2. That number of Northway Shares that are issuable pursuant to the Incentive Plan are hereby allotted, set aside and reserved for issuance pursuant thereto.
3. Any director or officer of Northway is hereby authorized and directed, for and on behalf of Northway, to do all things and execute and deliver all such agreements, documents and instruments necessary or desirable in connection with the foregoing.”

In the absence of contrary instructions, the Management nominees named as proxyholders in the enclosed Proxy Instrument intend to vote FOR the Incentive Plan. The Incentive Plan must be approved by the affirmative vote of at least a majority of the votes cast by disinterested Northway Shareholders present in person or represented by proxy at the Northway Meeting other than votes attaching to Northway Shares owned by insiders and their associates to whom Awards may be granted pursuant to the Incentive Plan. In the event that the Northway Shareholders do not approve the Incentive Plan at the Northway Meeting, then the Incentive Plan will be null and void and Northway will revert to the terms of the existing stock option plan and no Awards will be granted.

## **Amendments to Northway Option Plan**

### ***Current Northway Option Plan***

In accordance with the policies of the Northway, an issuer that has a rolling stock option plan must have its shareholders approve the plan on an annual basis. The Northway Option Plan was originally adopted by the Board on May 5, 2019 and was last approved by the Shareholders at the annual meeting of Shareholders which took place on May 25, 2020.

The Northway Option Plan provides that the aggregate number of Northway Shares reserved for issuance upon the exercise of all Northway Options granted under such plan (together with all Northway Shares issuable pursuant to each other equity compensation plan of Northway, including the Incentive Plan (and together with the Northway Option Plan, the “Plans”)) shall not exceed 10% of the issued and outstanding Northway Shares at the time of granting of Northway Options (on a non-diluted basis)..

See “*Schedule “D” -Information Concerning Northway – Stock Option Plan*” for further details concerning the Northway Option Plan.

### ***Proposed Amendments to Current Rolling Plan***

In connection with the adoption of the Incentive Plan, the Northway Board proposes to amend the Northway Option Plan to incorporate the changes described below. The proposed amendments to the current Northway Option Plan are subject to approval by the disinterested shareholders at the Northway Meeting and by the Exchange.

At the Northway Meeting, disinterested Northway Shareholders (being the Northway Shareholders excluding the directors and officers of Northway) will be asked to consider and, if deemed advisable, approve by ordinary resolution an amended incentive stock option plan (“Amended Plan”) which amends the current Northway Option Plan to:

- (a) fix the maximum number of Northway Shares in respect of which options may be outstanding under the plan at 7,594,628 Northway Shares, which together with the maximum number of Awards which may be granted under the Incentive Plan represents approximately 20% of the total number of Northway Shares issued and outstanding upon completion of the Transaction and Financing; and
- (b) effect certain clerical and housekeeping amendments that are not substantive in nature.

The full text of the Amended Plan, which incorporates the proposed amendments set forth above is available for review by any Northway Shareholder up until the day preceding the Northway Meeting at Northway’s registered and records offices at 2080 –777 Hornby Street, Vancouver, British Columbia. Northway Shareholders are urged to review the Amended Plan in its entirety.

### ***Shareholder Approval***

At the Northway Meeting, disinterested Northway Shareholders will be asked to consider, and, if deemed appropriate, approve, with or without variation, a resolution confirming and approving the Amended Plan, as amended. The text of the resolution is as follows:

“RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. The Amended Plan is hereby confirmed and approved.
2. That number of Northway Shares that are issuable pursuant to the Amended Plan are hereby allotted, set aside and reserved for issuance pursuant thereto.
3. Any director or officer of Northway is hereby authorized and directed, for and on behalf of Northway, to do all things and execute and deliver all such agreements, documents and instruments necessary or desirable in connection with the foregoing.”

In the absence of contrary instructions, the Management nominees named as proxyholders in the enclosed Proxy Instrument intend to vote FOR the new Northway Option Plan which must be approved by the affirmative vote of at least a majority of the votes cast by disinterested Northway Shareholders present in person or represented by proxy at the Meeting.

The full text of the Northway Option Plan is available for review by any Northway Shareholder up until the day preceding the Northway Meeting at Northway’s registered and records offices at 2080 – 777 Hornby Street, Vancouver, British Columbia.

## **PARTICULARS TO BE ACTED UPON AT THE KENORLAND MEETING**

### **Proposed Transaction**

Northway, Kenorland and Subco have entered into the Amalgamation Agreement providing for the completion of the Transaction. At the Kenorland Meeting, the Kenorland Shareholders will be asked to consider and, if deemed advisable, approve the Kenorland Resolution set forth in Schedule “B” hereto to approve the Transaction.

The Kenorland Resolution must receive the approval of at least two-thirds (2/3) of the Kenorland Shareholders who vote in person or by proxy. **It is the intention of the persons named in the enclosed proxy, in the absence of instructions to the contrary, to vote the proxy in favour of Kenorland Resolution.**

### **Dissent Rights**

Under the BCBCA, the Kenorland Resolution gives rise to Dissent Rights. Registered Kenorland Shareholders are entitled to the Dissent Rights set out in the BCBCA and to be paid the fair value of their Dissenting Shares if such shareholder dissents to the Transaction and the Transaction becomes effective. Neither a vote against the Kenorland Resolution, nor an abstention or the execution or exercise of a proxy vote against such resolution will constitute Dissent Notice, but a shareholder need not vote against such resolution in order to dissent.

However, in accordance with the BCBCA, a shareholder who has submitted a Dissent Notice and who votes in favour of the Kenorland Resolution or otherwise acts inconsistently with the Dissent Notice, will cease to be entitled to exercise any Dissent Rights. A Kenorland Shareholder must dissent with respect to all shares either held personally by him or on behalf of any one beneficial owner and which are registered in one name. A brief summary of the provisions of the Dissent Rights under the BCBCA is set out below and is qualified in its entirety by the reference to the full text of Part 8, Division 2 of the BCBCA, which is attached to this Circular as Schedule “Q”.

The statutory provisions dealing with the Dissent Rights are technical and complex. Any shareholders who wish to exercise their Dissent Rights should seek independent legal advice, as failure to comply strictly with the provisions of Part 8, Division 2 of the BCBCA may prejudice their Dissent Right.

Kenorland Shareholders registered as such on the record date of the Kenorland Meeting may exercise Dissent Rights pursuant to and in the manner set forth in Part 8, Division 2 of the BCBCA, provided that the Dissent Notice duly executed by such Dissenting Shareholder is received by Kenorland two Business Days in advance of the date of the



Kenorland Meeting. Dissenting Shareholders are ultimately entitled to be paid fair value for their Dissenting Shares and shall be deemed to have transferred their Dissenting Shares to Amalco.

Prior to the Transaction becoming effective, Kenorland will send a notice of intention to act to each Dissenting Shareholder stating that the Kenorland Resolution has been passed and informing the Dissenting Shareholder of their intention to act on such Kenorland Resolution. A notice of intention need not be sent to any shareholder who voted in favour of the Kenorland Resolution or who has withdrawn his Dissent Notice. Within one month of the date of the notice given by Kenorland of its intention to act, the Dissenting Shareholder is required to send written notice to Kenorland that he requires Kenorland to purchase all of his Dissenting Shares and at the same time to deliver certificates representing those shares to Kenorland. Upon such delivery, a Dissenting Shareholder will be bound to sell and Amalco will be bound to purchase the shares subject to the demand for a payment equal to their fair value as of the day before the day on which the Kenorland Resolution was passed by the Kenorland Shareholders, excluding any appreciation or depreciation in anticipation of the vote (unless such exclusion would be inequitable). Every Dissenting Shareholder who has delivered a demand for payment must be paid the same price as the other Dissenting Shareholders.

A Dissenting Shareholder who has sent a demand for payment, or Kenorland, may apply to court which may: (a) require the Dissenting Shareholder to sell and Kenorland, to purchase the shares in respect of which a Dissent Notice has been validly given; (b) set the price and terms of the purchase and sale, or order that the price and terms be established by arbitration, in either case having due regard for the rights of creditors; (c) join in the application of any other Dissenting Shareholder who has delivered a demand for payment; and (d) make consequential orders and give such directions as it considers appropriate. No Dissenting Shareholder who has delivered a demand for payment may vote or exercise or assert any rights of a shareholder in respect of their Dissenting Shares for which a demand for payment has been given, other than the rights to receive payment for those shares. Until a Dissenting Shareholder who has delivered a demand for payment is paid in full, that Dissenting Shareholder may exercise and assert all the rights of a creditor of Kenorland. No Dissenting Shareholder may withdraw his demand for payment unless Kenorland consents.

Strict adherence to the procedures set forth above will be required and failure to do so may result in the loss of all Dissent Rights. Accordingly, each shareholder who might desire to exercise Dissent Rights should carefully consider and fully comply with the provisions set forth above and below and consult his or her legal advisor.

All Dissent Notices to Kenorland should be addressed to Kenorland at its registered office at Kenorland Minerals Ltd. c/o Osler, Hoskin & Harcourt LLP, Suite 1700 – 1055 West Hastings Street, Vancouver, British Columbia, V6E 2E9, Attention: Alan Hutchison.

It is a condition of the Transaction that holders of no more than 5% of Kenorland Shares shall have Dissent Rights (and not withdrawn such exercise).

The foregoing summary does not purport to provide a comprehensive statement of the procedures to be followed by a Dissenting Shareholder who seeks payment of the fair value of his shares. The BCBCA requires strict adherence to the procedures established therein and failure to do so may result in the loss of all Dissent Rights. Accordingly, each Kenorland Shareholder who might desire to exercise Dissent Rights should carefully consider and comply with the provisions of the BCBCA and consult such shareholders' legal advisor.

## **CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

### **No Tax Summary**

**This Circular contains no discussions of the tax consequences of the Amalgamation to the Shareholders resident in Canada or otherwise. No representation with respect to the Canadian federal or income tax consequences in other jurisdictions to any particular Shareholder is made herein. Accordingly, Shareholders should consult their own tax advisors with respect to their particular circumstances including, where relevant, the application and effect of the income and other taxes of any country, province, territory, state or local tax authority.**

### **No U.S. Legal Opinion or IRS Ruling**

No legal opinion from U.S. legal counsel or ruling from the United States Internal Revenue Service has been requested, or will be obtained, regarding the U.S. federal income tax consequences of the Amalgamation. Shareholders who are subject to U.S. taxation should consult with their own professional advisers with regard to the Amalgamation's U.S. tax implications.

## **INFORMATION CONCERNING THE TRANSACTION**

### **General**

The parties to the Transaction are Northway, Subco and Kenorland. The Transaction is a Non-Arm's Length Transaction for the purposes of the Exchange Policies and a Related Party Transaction for the purposes of MI 61-101 as Kenorland holds 14.5% of the issued and outstanding Northway Shares on a basic diluted basis and 18.44% of the Northway Shares on a partially diluted basis.

The Transaction will result in Reverse Takeover of Northway by Kenorland and the acquisition of all of the issued and outstanding securities of Kenorland by Northway via a three-corner amalgamation.

### **Principal Steps of the Transaction**

Pursuant to the Amalgamation Agreement, Northway will acquire all of the outstanding securities of Kenorland via the Amalgamation of Subco, a wholly owned subsidiary of Northway incorporated solely for the purposes of completing the Transaction, with Kenorland pursuant to Section 269 of the BCBCA.

Prior to the completion of the Amalgamation, Northway will complete the Consolidation of the Northway Shares. Concurrently with closing of the Transaction, Northway is expected to complete the Name Change

Under the terms of the Amalgamation Agreement, the following steps will occur on the Closing Date:

- (a) Any Kenorland Shares held by Dissenting Shareholders will be deemed to be transferred by the holder thereof, without any further act or formality on its part, free and clear of all liens, claims and encumbrances, to Amalco, and Amalco shall thereupon be obligated to pay each Dissenting Shareholder the fair value of his or her Dissenting Shares in accordance with the BCBCA and the Dissenting Shareholder shall be removed from the central securities register as holder of the Kenorland Shares and such transferred Dissenting Shares shall be cancelled;
- (b) Subco and Kenorland will amalgamate as one corporation, being Amalco, by filing the Amalgamation Application and on the Amalgamation, among other things;
  - (i) each outstanding Kenorland Share shall be exchanged for two (2) post-Consolidation Northway Shares;
  - (ii) each common share of Subco shall be converted into one common share of Amalco;
  - (iii) as consideration for the issuance of Northway Shares pursuant to the Amalgamation, Amalco shall issue to Northway one common share of Amalco for each Northway Share issued; and
  - (iv) all Northway Shares held by Kenorland will be canceled without any repayment of capital; and
- (c) Amalco will become a wholly owned subsidiary of Northway.

No fractional securities will be issued. Any fractions resulting will be rounded down to the next whole number and no cash or other consideration shall be paid or payable in lieu of such fraction of a Northway Share.



The Amalgamation Agreement provides that each outstanding Kenorland Options and Kenorland RSUs shall become exercisable into Resulting Issuer Shares in accordance with their terms, having regard for the Exchange Ratio.

Based on the number of Kenorland Options and Kenorland RSUs outstanding on the Record Date, upon completion of the Amalgamation, holders of Kenorland Options and Kenorland RSUs (as applicable) will be entitled to acquire Resulting Issuer Shares upon the exercise or conversion thereof as further described in the table below. The balance of terms applicable to the Kenorland Options and Kenorland RSUs, including terms of expiry will be otherwise unaffected, provided that the Kenorland Options will become subject to the terms of the Northway Option Plan and the Kenorland RSUs will be subject to the terms of the Incentive Plan.

### **Kenorland Options and Kenorland RSUs**

| <b>Type of Security</b> | <b>Before Giving Effect to the Transaction</b>                       |                                                           |                    | <b>After Giving Effect to the Transaction</b>                               |                                                                  |                    |
|-------------------------|----------------------------------------------------------------------|-----------------------------------------------------------|--------------------|-----------------------------------------------------------------------------|------------------------------------------------------------------|--------------------|
|                         | <b>Number of Kenorland Shares Issuable Upon Exercise/ Conversion</b> | <b>Exercise Price per Kenorland Share (as applicable)</b> | <b>Expiry Date</b> | <b>Number of Resulting Issuer Shares Issuable Upon Exercise/ Conversion</b> | <b>Exercise Price per Resulting Issuer Share (as applicable)</b> | <b>Expiry Date</b> |
| Options                 | 600,000                                                              | \$0.15                                                    | Oct. 19, 2023      | 1,200,000                                                                   | \$0.075                                                          | Oct. 19, 2023      |
| Options                 | 100,000                                                              | \$0.15                                                    | Oct. 2, 2024       | 200,000                                                                     | \$0.075                                                          | Oct. 2, 2024       |
| Options                 | 400,000                                                              | \$0.30                                                    | Dec. 1, 2024       | 800,000                                                                     | \$0.15                                                           | Dec. 1, 2024       |
| Options                 | 400,000                                                              | \$0.30                                                    | July 1, 2025       | 800,000                                                                     | \$0.15                                                           | July 1, 2025       |
| Options                 | 100,000                                                              | \$0.50                                                    | Sept. 15, 2024     | 200,000                                                                     | \$0.25                                                           | Sept. 15, 2024     |
| Options                 | 150,000                                                              | \$0.50                                                    | Sept. 27, 2024     | 300,000                                                                     | \$0.25                                                           | Sept. 27, 2024     |
| Options                 | 1,650,000                                                            | \$0.50                                                    | Mar. 2, 2025       | 3,300,000                                                                   | \$0.25                                                           | Mar. 2, 2025       |
| RSUs                    | 550,000                                                              | \$0.50                                                    | Sept. 27, 2022     | 1,100,000                                                                   | \$0.25                                                           | Sept. 27, 2022     |

### **The Amalgamation Agreement**

The Transaction will be effected in accordance with the Amalgamation Agreement, a copy of which has been filed under Northway's profile on SEDAR at [www.sedar.com](http://www.sedar.com) as a material document. The description of the Amalgamation Agreement, both below and elsewhere in this Circular is a summary only, is not exhaustive and is qualified in its entirety by reference to the terms of the Amalgamation Agreement, which is incorporated by reference herein.

### **Representations and Warranties**

The Amalgamation Agreement contains representations and warranties made by each of Northway and Kenorland. The assertions embodied in those representations and warranties are solely for the purposes of the Amalgamation Agreement and may be subject to important qualifications, limitations and exceptions agreed to by the parties in connection with negotiating its terms and as set out in the disclosure letters delivered in connection with the Amalgamation Agreement. Certain representations and warranties may not be accurate or complete as of any specified date because they are qualified by certain disclosure provided by the Parties or are subject to a standard of materiality or are qualified by a reference to the concept of a "Material Adverse Event" (which concept is defined in the Amalgamation Agreement and in some respects are different from the materiality standards generally applicable under securities laws). Therefore, Shareholders should not rely on the representations and warranties as statements of factual information at the time they were made or otherwise.

The Amalgamation Agreement contains representations and warranties of the Parties relating to certain matters including, among other things: incorporation and qualification; ownership of subsidiaries; absence of conflict with

or violation of constating documents, agreements or applicable laws; authority to execute and deliver the Amalgamation Agreement and perform its obligations under the Amalgamation Agreement; due authorization and enforceability of the Amalgamation Agreement; composition of share capital; options or other rights for the purchase of securities; indebtedness; receipt of all required consents and approvals; financial statements; records, accounts, minute books and corporate records; material contracts; permits and licenses; employment matters; compliance with laws, including environmental laws; absence of adverse litigation, judgment or order; absence of undisclosed liabilities; absence of adverse material change; taxation matters; environmental matters; reporting issuer and listing status; the Frotet Technical Report; royalty payments and other mineral interests; and matters related to the Amalgamation.

### ***Conditions to the Transaction***

The respective obligations of Kenorland and Northway to complete the transactions contemplated by the Amalgamation Agreement are subject to a number of conditions which must be satisfied or waived in order for the Amalgamation to become effective, which conditions are summarized below. There is no assurance that these conditions will be satisfied or waived on a timely basis. Unless all of the conditions are satisfied or waived, the Amalgamation will not proceed.

#### **Mutual Conditions**

The respective obligations of Northway and Kenorland to complete the transactions contemplated in the Amalgamation Agreement are subject to the fulfillment of the following conditions on or before the Closing Date or such other time as is specified below:

- (a) approval of the Northway Shareholders in accordance with the provisions of MI 61-101 and the Exchange Policies shall have been obtained at the Northway Meeting;
- (b) approval of the Kenorland Shareholders in accordance with the provisions of the BCBCA shall have been obtained at the Kenorland Meeting
- (c) holders of no more than 5% of the Kenorland Shares shall have exercised Dissent Rights;
- (d) Kenorland shall have completed the Financing, and the Escrow Release Conditions shall have been satisfied or waived;
- (e) the TSXV shall have conditionally approved the Transaction and the listing on the Exchange of the Resulting Issuer Shares to be issued pursuant to the Transaction on terms and conditions acceptable to each of the Parties, acting reasonably;
- (f) Subco shall not have engaged in any business enterprise or other activity or have any assets or liabilities; and
- (g) the distribution of the Resulting Issuer Shares pursuant to the Transaction shall be exempt from the prospectus and registration requirements of applicable Canadian and provincial securities laws and, except with respect to persons deemed to be “control persons” of the Resulting Issuer under such securities laws, such Resulting Issuer Shares shall not be subject to any resale restrictions in Canada under such securities law.

#### **Conditions for the Benefit of Kenorland**

The obligation of Kenorland to complete the transactions contemplated by the Amalgamation Agreement is subject to the fulfillment or waiver of the following additional conditions, as set forth in the Amalgamation Agreement, at or before the Closing Date or such other time as is specified below, including, but not limited to:

- (a) the representations and warranties made by Northway in the Amalgamation Agreement that are qualified by the expression “material”, “Material Adverse Change” or “Material Adverse Effect” shall be true and correct as of the date of the Amalgamation Agreement and as of the Closing Date as if made on and as of the Closing Date

(except to the extent that such representations and warranties speak as of an earlier date, in which event such representations and warranties shall be true and correct as of such earlier date), and all other representations and warranties made by Northway in the Amalgamation Agreement which are not so qualified shall be true and correct in all material respects as of the date of the Amalgamation Agreement and as of the Closing Date as if made on and as of the Closing Date (except to the extent that such representations and warranties speak as of an earlier date, in which event such representations and warranties shall be true and correct as of such earlier date);

- (b) there shall not have occurred a Material Adverse Change in respect of Northway;
- (c) Northway shall have complied in all material respects with its covenants contained in the Amalgamation Agreement; and
- (d) the Northway Board shall have adopted all necessary resolutions and all other necessary corporate action shall have been taken by Northway to permit the consummation of the Transaction and the transactions to be completed by Northway pursuant to the terms of the Amalgamation Agreement.

#### Conditions for the Benefit of Northway

The obligation of Northway to complete the transactions contemplated by the Amalgamation Agreement is subject to the fulfillment or waiver of the following addition conditions, as set forth in the Amalgamation Agreement, at or before the Closing Date or such other time specified below, including, but not limited to:

- (a) the representations and warranties made by Kenorland in the Amalgamation Agreement that are qualified by the expression “material”, “Material Adverse Change” or “Material Adverse Effect” shall be true and correct as of the date of the Amalgamation Agreement and as of the Closing Date as if made on and as of the Closing Date (except to the extent that such representations and warranties speak as of an earlier date, in which event such representations and warranties shall be true and correct as of such earlier date), and all other representations and warranties made by Kenorland in the Amalgamation Agreement which are not so qualified shall be true and correct in all material respects as of the date of the Amalgamation Agreement and as of the Closing Date as if made on and as of the Closing Date (except to the extent that such representations and warranties speak as of an earlier date, in which event such representations and warranties shall be true and correct as of such earlier date);
- (b) there shall not have occurred a Material Adverse Change in respect of Kenorland;
- (c) Kenorland shall have complied in all material respects with its covenants contained in the Amalgamation Agreement; and
- (d) the Kenorland Board shall have adopted all necessary resolutions and all other necessary corporate action shall have been taken by Kenorland to permit the consummation of the Transaction and the transactions to be completed by Kenorland pursuant to the terms of the Amalgamation Agreement.

#### ***Covenants of Northway***

Northway has agreed with Kenorland that it will, among other things:

- (a) call the Northway Meeting as soon as practicable;
- (b) Other than as required to give effect to the Transactions contemplated by the Amalgamation Agreement or as permitted by the Amalgamation Agreement, not do any of the following prior to the Closing Date, without the prior written consent of Kenorland, which consent shall not be unreasonable withheld or delayed:
  - (i) issue, sell, grant, pledge, lease, dispose of, encumber or create any encumbrance on, or agree to issue, sell, grant, pledge, lease, dispose of, or encumber or create any encumbrance on, any shares of, or any options, warrants, calls, conversion privileges or rights of any kind to acquire any shares of, Northway, other than as contemplated by the Amalgamation Agreement;

- (ii) incur or commit to incur any debt, except in the ordinary and regular course of business, to finance its working capital requirements or as otherwise contemplated in connection with the transactions contemplated in the Amalgamation Agreement;
  - (iii) declare or pay any dividends or distribute any of its properties or assets to the Northway Shareholders;
  - (iv) enter into any material contracts without the consent of Kenorland, other than in connection with the Transaction or as otherwise contemplated in the Amalgamation Agreement;
  - (v) alter or amend its notice of articles or articles, other than as may be required in connection with the transactions contemplated in the Amalgamation Agreement, including the Consolidation;
  - (vi) engage in any business enterprise or other activity materially different from that carried on or contemplated by it as of the date of the Amalgamation Agreement;
  - (vii) other than in the ordinary and regular course of business, sell, pledge, lease, dispose of, grant any interest in, encumber, or agree to sell, pledge, lease, dispose of, grant any interest in or encumber, any of its assets, except where to do so would not have a Material Adverse Effect on Northway;
  - (viii) redeem, purchase or offer to purchase any of the Northway Shares or any of its other securities, other than as contemplated by the Amalgamation Agreement;
  - (ix) amend the terms of any convertible security issued and outstanding; or
  - (x) acquire, directly or indirectly, any assets, including but not limited to securities of other companies, other than in the ordinary and regular course of business.
- (c) not take any action, or refrain from taking any action or permit any action to be taken or not taken (subject to a commercially reasonable efforts qualification), inconsistent with the provisions of the Amalgamation Agreement or that would reasonably be expected to materially impede the completion of the transactions contemplated by the Amalgamation Agreement or would render, or that would reasonably be expected to render, any representation or warranty made by Northway in the Amalgamation Agreement untrue or inaccurate in any material respect at any time on or before the Closing Date if then made or that would have a Material Adverse Effect on Northway.
- (d) use all commercially reasonable efforts to satisfy, or cause to be satisfied, all conditions precedent to its obligations to the extent that the same is within its control and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under all applicable laws to complete the transactions contemplated by the Amalgamation Agreement;
- (e) make, or cooperate as necessary in the making of, all necessary filings and applications under all applicable laws required in connection with the transactions contemplated thereby and take all reasonable action necessary to be in compliance with such laws;
- (f) use its commercially reasonable efforts to conduct its affairs so that all of the representations and warranties of Northway contained in the Amalgamation Agreement shall be true and correct on and as of the Closing Date as if made on and as of such date.
- (g) in its capacity as sole shareholder of Subco:
- (i) take all such action as is necessary or desirable to cause Subco to satisfy its obligations hereunder, including without limitation, passing a resolution approving the Transaction, on or prior to the Closing Date, or such other date as may be agreed to by Northway and Kenorland, acting reasonably;

- (ii) prior to the Closing Date, not cause or permit Subco to issue any securities or enter into any agreements to issue or grant options, warrants or rights to purchase any of its securities except for the issuance of a nominal number of common shares to Northway, or carry on any business, enter into any transaction or effect any corporate act whatsoever, other than as contemplated in the Amalgamation Agreement or as reasonably necessary to carry out the Amalgamation, unless previously consented to in writing by Kenorland; and
  - (iii) after the Closing Date, cause Amalco to satisfy any obligations which Amalco may have to a Kenorland Shareholder who exercises Dissent Rights;
- (h) Until the earlier of: (i) the Closing Date; and (ii) the termination of the Amalgamation Agreement in accordance, Northway shall use its commercially reasonable efforts to:
- (i) ensure that the Northway Shares are continuously listed and posted for trading on the Exchange, other than any trading halt imposed by the Exchange with respect to the Reverse Takeover; and
  - (ii) obtain conditional approval of the Exchange for listing the Northway Shares to be issued to Kenorland Shareholders (and holders of Kenorland Options and Kenorland RSUs upon the exercise of such Kenorland Options and Kenorland RSUs in accordance with their terms) pursuant to and in accordance with the terms of this Agreement.

### ***Covenants of Kenorland***

Kenorland has agreed with Northway that it will, among other things:

- (a) call the Kenorland Meeting as soon as practicable;
- (b) Other than as required to give effect to the Transactions contemplated by the Amalgamation Agreement or as permitted by the Amalgamation Agreement, not do any of the following prior to the Closing Date, without the prior written consent of Northway, which consent shall not be unreasonable withheld or delayed:
  - (i) issue, sell, grant, pledge, lease, dispose of, encumber or create any encumbrance on, or agree to issue, sell, grant, pledge, lease, dispose of, or encumber or create any encumbrance on, any shares of, or any options, warrants, calls, conversion privileges or rights of any kind to acquire any shares of, Kenorland, other than as contemplated by the Amalgamation Agreement;
  - (ii) incur or commit to incur any debt, except in the ordinary and regular course of business, to finance its working capital requirements or as otherwise contemplated in connection with the transactions contemplated in the Amalgamation Agreement;
  - (iii) declare or pay any dividends or distribute any of its properties or assets to the Kenorland Shareholders;
  - (iv) enter into any material contracts without the consent of Northway, other than in connection with the Transaction or as otherwise contemplated in the Amalgamation Agreement;
  - (v) alter or amend its notice of articles or articles, other than as may be required in connection with the transactions contemplated in the Amalgamation Agreement, including the Amalgamation;
  - (vi) engage in any business enterprise or other activity materially different from that carried on or contemplated by it as of the date of the Amalgamation Agreement;
  - (vii) other than in the ordinary and regular course of business, sell, pledge, lease, dispose of, grant any interest in, encumber, or agree to sell, pledge, lease, dispose of, grant any interest in or encumber, any of its assets, except where to do so would not have a Material Adverse Effect on Kenorland;

- (viii) redeem, purchase or offer to purchase any of the Kenorland Shares or any of its other securities, other than as contemplated by the Amalgamation Agreement;
  - (ix) amend the terms of any convertible security issued and outstanding; or
  - (x) acquire, directly or indirectly, any assets, including but not limited to securities of other companies, other than in the ordinary and regular course of business.
- (c) not take any action, or refrain from taking any action or permit any action to be taken or not taken (subject to a commercially reasonable efforts qualification), inconsistent with the provisions of the Amalgamation Agreement or that would reasonably be expected to materially impede the completion of the transactions contemplated by the Amalgamation Agreement or would render, or that would reasonably be expected to render, any representation or warranty made by Kenorland in the Amalgamation Agreement untrue or inaccurate in any material respect at any time on or before the Closing Date if then made or that would have a Material Adverse Effect on Kenorland.
- (d) Use all commercially reasonable efforts to satisfy, or cause to be satisfied, all conditions precedent to its obligations to the extent that the same is within its control and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under all applicable laws to complete the transactions contemplated by the Amalgamation Agreement;
- (e) make, or cooperate as necessary in the making of, all necessary filings and applications under all applicable laws required in connection with the transactions contemplated thereby and take all reasonable action necessary to be in compliance with such laws;
- (f) use its commercially reasonable efforts to conduct its affairs so that all of the representations and warranties of Kenorland contained in the Amalgamation Agreement shall be true and correct on and as of the Closing Date as if made on and as of such date; or
- (g) Prior to the Closing Date, Kenorland will complete the Financing, provided that Northway agrees to assist Kenorland with the Financing and Northway and Kenorland will mutually determine, through negotiation with the placement agent(s), the terms thereof, the issue price and the terms of any underlying warrants (if any).

#### ***Alternative Transactions***

The Parties have agreed that they will not, and will not permit any of their respective directors, officers, employees or agents, to directly or indirectly, solicit, discuss, encourage or accept an Alternative Proposal, subject to their fiduciary duties at law. The Parties will with reasonable diligence do all such things and provide all such reasonable assurances as may be required to obtain the approval of applicable regulatory authorities, including the Exchange, to the transactions contemplated in the Amalgamation Agreement, and each Party will provide such further documents or instruments as may be necessary to effect the purposes of the Amalgamation Agreement. Each Party shall use all commercially reasonable effort to cause each of the condition precedents to be satisfied as soon as reasonably possible.

Notwithstanding the above or any other provision of the Amalgamation Agreement:

- (a) the Northway Board may, prior to the approval of the Northway Resolution by the Northway Shareholders, consider, participate in any discussions or negotiations with, or provide information to, any person who has delivered or issued a bona fide Alternative Proposal which was not solicited or encouraged after the date of the Amalgamation Agreement and did not otherwise result from a breach of the Amalgamation Agreement and that the Northway Board determines in good faith, after consultation with its outside legal counsel, would, if consummated in accordance with its terms, result in Superior Proposal, provided that any such determination shall only be made if the Northway Board has received written advice of outside legal counsel to the effect that the board of directors is required to do so in order to properly discharge its fiduciary duties, and provided

further that, immediately upon receipt of such advice, Northway advises Kenorland in writing that it has received such advice and provides written details thereof; and

- (b) the Kenorland Board may, prior to the approval of the Kenorland Resolution by the Kenorland Shareholders, consider, participate in any discussions or negotiations with, or provide information to, any person who has delivered or issued a bona fide Alternative Proposal which was not solicited or encouraged after the date of Amalgamation Agreement and did not otherwise result from a breach of the Amalgamation Agreement and that the Kenorland Board determines in good faith, after consultation with its outside legal counsel, would, if consummated in accordance with its terms, result Superior Proposal, provided that any such determination shall only be made if the Kenorland Board has received advice of outside legal counsel to the effect that the board of directors is required to do so in order to properly discharge its fiduciary duties, and provided further that, immediately upon receipt of such advice, Kenorland advises Northway in writing that it has received such advice and provides written details thereof.

### ***Right to Match***

Notwithstanding any other provision of the Amalgamation Agreement, Kenorland agrees that it will not enter into any agreement (other than a confidentiality agreement) regarding a Superior Proposal or release the person making the Superior Proposal from any standstill agreements without providing Northway with an opportunity of not less than five (5) Business Days to amend the Amalgamation Agreement to provide at least as favourable terms as those to be included in the Superior Proposal. In particular, Kenorland covenants to provide Northway with all material terms and conditions of any Superior Proposal at least five (5) Business Days prior to the proposed date of execution of such Superior Proposal by Kenorland. The Kenorland Board will review any offer by Northway to amend the terms of the Amalgamation Agreement in good faith in order to determine, acting reasonably and exercising its fiduciary duties, whether Northway's offer, upon acceptance by Kenorland, would result in Superior Proposal not being a Superior Proposal. If the Kenorland Board so determines, it will enter into an amended Agreement with Northway reflecting Northway's amended proposal. In the event Northway agrees to amend the Amalgamation Agreement as provided above within such five (5) Business Day period, Kenorland covenants to not enter into the Superior Proposal or release the party making the Superior Proposal from any standstill agreements. If upon expiry of the five (5) Business Day period, Northway has either not provided an offer to amend the Amalgamation Agreement or such offer would not render the Superior Proposal not a Superior Proposal, Kenorland may proceed with the Superior Proposal and terminate the Amalgamation Agreement.

### ***Break Fee***

If the Amalgamation Agreement is terminated by Kenorland after receipt of a Superior Proposal, whether accepted by Kenorland or not, as a condition to the right of Kenorland to terminate the Amalgamation Agreement, Kenorland shall pay to Northway a cash payment equal to \$100,000, all in immediately available Canadian funds within five (5) Business Days of such termination. The obligation of Kenorland to pay the break fee above shall survive the termination of the Amalgamation Agreement.

### ***Amendment***

The Amalgamation Agreement may, at any time and from time to time, before or after the receipt of the approval of the Northway Shareholders or the Kenorland Shareholders, be amended by mutual written agreement of the Parties without, subject to applicable Laws, further notice to or authorization on the part of the Northway Shareholders or the Kenorland Shareholders, and any such amendment may, without limitation:

- (a) change the time for the performance of any of the obligations or acts of any of the Parties;
- (b) waive any inaccuracies in, or modify, any representation or warranty contained therein or in any document delivered pursuant thereto;
- (c) waive compliance with, or modify, any of the covenants therein contained and waive or modify the performance of any of the obligations of any of the parties thereto; and



(d) waive compliance with, or modify, any condition therein contained,

provided, however, that, notwithstanding the foregoing, following the receipt of the Northway Shareholders, the Exchange Ratio shall not be amended without the approval of the Northway Shareholders given in the same manner as required for the approval of the Amalgamation.

### ***Termination***

The Amalgamation Agreement may, prior to the Closing Date, be terminated, in certain circumstance, including:

- (a) by mutual written agreement by Northway, Kenorland and Subco;
- (b) subject to notice and cure provisions within the Amalgamation Agreement:
  - (i) by Northway, if any condition for its benefit is not satisfied or waived,
  - (ii) by Kenorland, if any condition for its benefit is not satisfied or, or
  - (iii) by Northway or by Kenorland, if any of the mutual conditions for the benefit of the terminating party is not satisfied or waived;
- (c) by Kenorland if there is a material breach of the covenants of Northway contained in the Amalgamation Agreement by Northway or any of its directors, officers, employees, agents, consultants or other representatives, in each case on or before the Closing Date, which breach cannot be cured;
- (d) by Northway if there is a material breach of the covenants of Kenorland contained in the Amalgamation Agreement by Kenorland or any of its directors, officers, employees, agents, consultants or other representatives, in each case on or before the Closing Date, which breach cannot be cured; by Northway or by Kenorland as the result of a Superior Proposal; or
- (e) by Kenorland or by Northway if the Transaction shall not have been completed by the Completion Deadline.

### ***Expenses***

All expenses incurred in connection with the Amalgamation Agreement and the transactions contemplated thereby shall be paid by the Party incurring such expense.

### ***Background to the Transaction***

On July 31, 2018, Northway entered into a a venture agreement dated July 31, 2018, as amended May 10, 2019 with Newmont North America Exploration Ltd. pursuant to which Northway was granted the sole and exclusive option to acquire up to a 70% interest in the Healy Project. On the same day, Kenorland acquired 4,000,000 Northway Shares at a price of \$0.001 per Northway Share and Northway and Kenorland entered into a services agreement with Kenorland for the purposes of engaging Kenorland to complete all activities necessary in order for Northway, indirectly through Northway Resources Alaska Corporation, to meet its initial obligations to earn its interest in the Healy Project. As consideration for the provision of the services by Kenorland, Northway paid a fixed daily rate of \$700 per day. The fees payable by Northway were due either in cash or through the issuance of units, each unit comprising a Northway Share and one Northway Warrant at a deemed price of \$0.05 per unit. In addition to the fixed daily rates, Northway agreed to pay to Kenorland a monthly fee equal to 10% of all exploration expenditures incurred in connection with the Healy Project.

On January 25, 2019, Northway issued 2,000,000 units at an aggregate value of \$100,000 to Kenorland to settle \$100,000 in accounts payable pursuant to the terms of services agreement in relation to services rendered by Kenorland to Northway in August and September of 2018 in relation to the initial work program completed by Northway on the Healy Project, including historical data analysis, field program planning and field work, plus the



10% management fee pertaining to expenses on the Healy Project, and for services from August 2018 to January 2019 in compiling data and information for a technical report prepared in respect of the Healy Project. \$5,047.59 was in cash in relation to such services, such that an aggregate value of \$105,999.37 in services was charged by Kenorland. The services agreement was since terminated by mutual agreement of Northway and Kenorland following the completion of Northway's initial public offering on August 22, 2019.

In mid-July, Northway and Kenorland began discussing a potential transaction in light of then current market conditions for gold exploration. Kenorland disclosed to Northway the results of its exploration program on the Frotet Project which discovered a significant gold system in an area with no known mineral occurrences or historic drilling. The Kenorland Board determined that these exploration results would likely accelerate Kenorland's market window to complete a transaction that would see it become publicly listed. Kenorland publicly announced exploration results on July 29, 2020.

On July 27, 2020, the Northway Board met to discuss a proposed transaction and to create and establish the Special Committee to review and make recommendations regarding the Transaction. The Special Committee was comprised of independent directors within the meaning of MI 61-101. The Special Committee was authorized to determine whether the Transaction is in the best interests of Northway and to advise the Northway Board of its determination. The Special Committee was also authorized to make such recommendations to the Northway Board with respect to the Transaction as the Special Committee considered necessary or appropriate, to review and comment upon all documents prepared in connection with the Transaction, and if the Transaction was approved, to oversee the implementation of the Transaction.

On July 28, 2020, Northway and Kenorland entered into the Letter Agreement.

On August 11, 2020, the Special Committee met with Northway's legal advisors to review the opportunity as it had developed to that time. Northway's legal advisors provided advice with respect to the Special Committee and Northway Board's duties and certain legal matters relating to the proposed transaction. The Special Committee then approved the engagement of Stephen Semeniuk to review the Transaction and if merited, prepare the Fairness Opinion. The Parties continued their negotiations respecting the terms of the proposed Transaction and consulted with legal counsel to obtain corporate, securities and tax advice.

Throughout August 2020 Northway and Kenorland completed due diligence reviews of the other party and held a number of conference calls among their respective directors and management teams to facilitate the review of Kenorland by the Special Committee and the review of Northway by Kenorland.

On September 11, 2020, the Special Committee met again with Northway's legal advisors to review the draft Amalgamation Agreement and the Fairness Opinion. A representative of management was asked to join to allow the Special Committee to inquire about Kenorland's properties and the status of the Financing. Following discussion and review of the Fairness Opinion and various other factors, the Special Committee recommended to the Northway Board that it approve the Transaction and the definitive Amalgamation Agreement. The Northway Board, with Zachary Flood abstaining, concurred with the recommendations of the Special Committee and approved the Transaction, the Amalgamation Agreement and matters ancillary thereto at a meeting held immediately thereafter on September 11, 2020.

On September 11, 2020, the Kenorland Board consulted with Kenorland's legal advisors with respect to the terms of the Amalgamation Agreement and the effect of the Transaction on outstanding securities of Kenorland. The Kenorland Board, with Zachary Flood abstaining, approved the Transaction and the Amalgamation Agreement pursuant to a resolution dated September 11, 2020.

On September 14, 2020, Northway, Subco and Kenorland executed the definitive Amalgamation Agreement.

### **Establishment of Special Committee**

The Northway Board determined to establish the Special Committee on July 27, 2020 to consider the Transactions. The mandate of the Special Committee included, among other things, the responsibility to review the proposed

terms of the Transaction and the Amalgamation Agreement and make recommendations regarding same to the Northway Board.

The Special Committee of the Board was established and made up of independent directors of the Board, being Jaime Levy, Jay Sujir and Jessica Van Den Akker. The Special Committee, among other things, reviewed the Transaction, Financing, Fairness Opinion, and considered the Amalgamation Agreement. The Special Committee resolved to recommend the Amalgamation Agreement and the transactions contemplated thereunder to the Northway Board.

### **Fairness Opinion**

The Special Committee and the Northway Board retained Stephen Semeniuk, who has provided advice and an opinion to the Special Committee in respect of the fairness of the terms of the Transaction, from a financial point of view, to the Northway Shareholders. Northway's legal counsel initially contacted Mr. Semeniuk regarding the Fairness Opinion in early August, 2020.

Mr. Semeniuk specializes in valuations of public and private companies and mineral exploration and development properties. Mr. Semeniuk holds M.B.A. and B. Comm. degrees and is a CFA charter holder. He is a past president of CFA Vancouver and member of the Canadian Institute of Mining, Metallurgy and Petroleum, the Association for Mining, Metallurgy and Exploration, Inc. as well as other professional associations.

On September 14, 2020, Semeniuk delivered the final draft of the Fairness Opinion, which concludes that, based upon and subject to the factors referred to therein, as of September 15, 2020, the consideration under the Transaction is fair from a financial point of view to the Northway Shareholders.

**The complete text of the Fairness Opinion, which sets forth the assumptions made, matters considered and limitations on the review undertaken in connection with the opinion is attached to this Circular as Appendix "C". Shareholders are encouraged to and should read the Fairness Opinion in its entirety.**

Neither Mr. Semeniuk nor any of his affiliates is an insider, associate or affiliate (as such terms are defined in the *Securities Act* (British Columbia)) of Northway or Kenorland or any of their respective associates or affiliates. Mr. Semeniuk was paid a fixed fee upon delivery of the Fairness Opinion to the Special Committee and the Northway Board, which was not contingent upon completion of the Transaction.

Mr. Semeniuk has consented to the inclusion in this Circular of the Fairness Opinion in its entirety, together with the summary herein and other information relating to Mr. Semeniuk and the Fairness Opinion. The Fairness Opinion was provided to the Special Committee and to the Northway Board and to the Northway Shareholders for their exclusive use only in considering the Transaction and may not be relied upon by any other person or for any other purpose or published or disclosed to any other person, relied upon by any other person or used for any other purpose without Mr. Semeniuk's written consent.

**The Fairness Opinion addresses only the fairness of the consideration due under the Transaction from a financial point of view and is not and should not be construed as a valuation of Northway or Kenorland or any of their respective assets or securities or a recommendation to any Northway Shareholder as to whether to vote in favour of the Northway Resolution.**

### ***Considerations of Fairness Advisors***

In connection with rendering the Fairness Opinion, Mr. Semeniuk (i) reviewed and analyzed the Amalgamation Agreement, the terms of the Transaction and related publicly available documents; (ii) reviewed and analyzed certain publicly available financial statements and other information of Northway and Kenorland; (iii) performed a comparison of the multiples implied under the terms of the Transaction to an analysis of recent precedent transactions; and (iv) performed a comparison of the consideration payable under the terms of the Transaction to the recent trading levels of the Northway Shares.

Mr. Semeniuk has assumed and relied upon, without independent verification, the completeness, accuracy and fair presentation of all of the information (financial or otherwise) data, documents, opinions, appraisals, valuations or other information and materials of whatsoever nature or kind reviewed by Semeniuk and all information respecting the Transaction, Northway and Kenorland and their subsidiaries, if any, obtained from public sources and from senior management of Northway and Kenorland.

### **Recommendation of the Special Committee and Boards**

After thorough review and analysis, the Northway Board has adopted the recommendation of the Special Committee and together with the Kenorland Board has unanimously determined (with Zachary Flood abstaining) that the Transaction is in the best interests of Northway and Kenorland, respectively, and that the Transaction is fair, from a financial point of view, to the Shareholders (other than Kenorland or its affiliates, in the case of Northway Shareholders). Accordingly, THE NORTHWAY BOARD AND KENORLAND BOARD HAS UNANIMOUSLY APPROVED (WITH ZACHARY FLOOD ABSTAINING) THE TERMS OF THE TRANSACTION AND RECOMMENDS THAT YOU VOTE FOR THE TRANSACTION AT THE MEETINGS.

The Special Committee considered the Transaction with Kenorland on the terms and conditions as provided in the Amalgamation Agreement and recommended to the Northway Board that it approve the Transaction, execute the Amalgamation Agreement and recommend to the Minority Shareholders that they vote in favor of the Transaction.

In arriving at its conclusion, the Special Committee considered the following, among other matters:

- (a) information with respect to the financial condition, business and operations, on both a historical and prospective basis, of Kenorland;
- (b) information provided by Kenorland with respect to the Frotet Project, including the Frotet Technical Report and the other mineral properties of Kenorland;
- (c) the Fairness Opinion
- (d) current industry, economic and market conditions and trends; and
- (e) the procedures by which the Transaction is to be approved, including the requirement pursuant to MI 61-101 for approval by a majority of the votes cast by the Minority Shareholders.

After considering the recommendation of the Special Committee, the Northway Board, with Zachary Flood abstaining, unanimously adopted the Special Committee's recommendation and concluded that the Transaction is in the best interests of Northway. In reaching its conclusion, the Northway Board considered a number of factors including the recommendations of the Special Committee, the benefits and risk of the Transaction, as well as the factors noted above.

### **Shareholder Approvals**

Since the Transaction is a "related party transaction" for Northway under MI 61-101, the Transaction must be approved by a majority of the votes cast at the Northway Meeting by the Minority Shareholders present in person or by proxy, voting separately as a single class.

To the best of the knowledge of Northway, after due enquiry, as at the date of this Circular, a total of 6,000,000 Northway Shares, were beneficially owned, or control or direction was exercised over such shares by persons who are not Minority Shareholders. For additional information on the requirements for approval by the Minority Shareholders please see "*Application of MI 61-101*" below.

Pursuant to the BCBCA, the Transaction must be approved by at least two-thirds of the votes cast at the Kenorland Meeting by Kenorland Shareholders present in person or by proxy.

Notwithstanding the foregoing, each of the Northway Resolution and the Kenorland Resolution authorizes the Northway Board and the Kenorland Board, respectively, without further notice to or approval of the Shareholders, subject to the terms of the Amalgamation Agreement to decide not to proceed with the Transaction and to revoke the Northway Resolution or Kenorland Resolution, respectively at any time prior to the Closing Date.

### **Approval of the Exchange**

The Amalgamation Agreement provides that receipt of all regulatory approvals, including without limitation, the approval of the Exchange of the Transaction, is a condition precedent to the completion of the Transaction. Acceptance by the Exchange will be conditional upon receipt of various documents and information, including evidence of requisite Shareholder approval, all of which will be filed by Northway in connection with the Northway Meeting.

As of the date of this Circular, Northway has not received conditional or final approval of the Exchange. **There is no assurance that the Transaction or Financing will receive either conditional or final approval of the Exchange.**

### **Application of MI 61-101**

Northway has determined that the Transaction constitutes a Related Party Transaction for the purposes of MI 61-101 and the Exchange Policies because Kenorland holds greater than 10% of the outstanding Northway Shares.

Pursuant to MI 61-101, if a transaction is a Related Party Transaction, a formal valuation and Minority Approval of the Transaction may be required. The Special Committee was formed on July 27, 2020 for the purposes of reviewing the Transaction and proposed Amalgamation Agreement and making recommendations to the Northway Board, but also to consider the application of MI 61-101.

As Northway is listed on the Exchange and no other stock exchange outside of Canada and the United States, MI 61-101 provides an exemption to the general requirement to obtain a valuation for a transaction that is a Related Party Transaction. No formal valuations of either Northway or Kenorland has been made in the last 24 months, to the knowledge of Northway, Kenorland, the Northway Board, the Kenorland Board or their respective management.

Northway has not received bona fide offers from other parties during the 24 months prior to the Letter Agreement.

MI 61-101 and the Exchange Policies requires that Northway obtain Minority Approval for the Transaction from holders of every class of affected securities, in each case voting separately as a class. The only outstanding classes of affected securities of Northway are the Northway Shares. As a result, at the Northway Meeting, Northway shall seek the approval of the Northway Resolution from a majority of the votes cast by the Minority Shareholders.

The Transaction is not subject to MI 61-101 for Kenorland as it is not a reporting issuer.

### **Minority Approval**

Pursuant to MI 61-101 and the Exchange Policies, in determining whether Minority Approval for the Transaction has been obtained, Northway is required to exclude the votes attached to the Northway Shares beneficially owned or controlled or over which control or direction is exercised by (a) Northway, (b) an Interested Party (c) a Related Party of an Interested Party or (d) a joint actor with a person referred to in (b) or (c) above. In addition, persons who receive a Collateral Benefit, as defined in MI 61-101 may also be required to have their votes excluded in considering whether Minority Approval has been obtained.

Northway has determined that the votes attached to 6,000,000 Northway Shares, held by Kenorland must be excluded from voting on the Northway Resolution to be approved by the Minority Shareholders voting in person or by proxy at the Northway Meeting.

Northway has determined that pursuant to MI 61-101, 1,386,000 Northway Shares held by Zachary Flood, President and CEO of Northway, must be excluded from the vote of the Minority Shareholders due to receipt of a Collateral Benefit. Mr. Flood is an employee of Northway and his annual salary will be increased as a result of the completion of the Transaction. The enhancement of Mr. Flood's employment compensation may be considered to be a Collateral Benefit for the purposes of MI 61-101. For additional information concerning Mr. Flood's current employment agreement with Northway and proposed new salary with the Resulting Issuer, please see Schedule "D" - *"Information Concerning Northway – Executive Compensation"* and Schedule "F" - *"Information Concerning the Resulting Issuer – Executive Compensation"* respectively.

MI 61-101 expressly excludes benefits from being Collateral Benefits if such benefits are received solely in connection with the Related Party's services as an employee, director or consultant under certain circumstances, including that the benefits are disclosed in the disclosure document for the transaction, and, at the time the transaction is agreed to, the Related Party and its associated entities (as defined in MI 61-101) beneficially own, or exercises control or direction over, less than 1% of the outstanding equity securities.

Mr. Flood exercises control or direction over 3.35% of the outstanding Northway Shares. Accordingly, Mr. Flood may be considered to have received a Collateral Benefit under MI 61- 101 as a result of the enhancement of his employment compensation. As a result, the votes attaching to Northway Shares beneficially owned, or over which control or direction is exercised, by Mr. Flood will be excluded in determining whether Minority Approval of the Northway Resolution has been obtained. ***Excluded Persons***

The chart below indicates the total number of Northway Shares and the percentage of such issued and outstanding Northway Shares held by Excluded Persons as of the Record Date:

| Name and Position                                           | Number of Shares (directly and indirectly) | Percentage of Issued and Outstanding Shares |
|-------------------------------------------------------------|--------------------------------------------|---------------------------------------------|
| Kenorland Minerals Ltd. (10% holder) <sup>(1)</sup>         | 6,000,000                                  | 14.50%                                      |
| Zachary Flood (President and CEO of Northway and Kenorland) | 1,386,000                                  | 3.35%                                       |

Notes:

- (1) All Northway Shares and Northway Warrants held by Kenorland will be cancelled without repayment of capital as a result of the Amalgamation.

### **Securities Law Matters for Kenorland Shareholders**

Shareholders, including securityholders residing elsewhere than in Canada, are urged to consult their legal advisors to determine the extent of all applicable resale provisions.

### ***Canadian Securities Laws***

The issuance and distribution of the Resulting Issuer Shares pursuant to the Amalgamation will constitute a distribution of securities that is exempt from the prospectus requirements of Canadian securities legislation and is exempt from or otherwise is not subject to the registration requirements under applicable securities legislation. The Resulting Issuer Shares received pursuant to the Amalgamation, including any Resulting Issued Shares issuable upon exercise of Kenorland Options or Kenorland RSUs, will not be legended and may be resold through registered dealers in each of the provinces of Canada provided that (i) the trade is not a "control distribution" as defined in National Instrument 45-102 *"Resale of Securities"* of the Canadian Securities Administrators, (ii) no unusual effort is made to prepare the market or to create a demand for the Resulting Issuer Shares, (iii) no extraordinary commission or consideration is paid to a person in respect of such sale, and (iv) if the selling security holder is an insider or officer of the Resulting Issuer, the selling security holder has no reasonable grounds to believe that the Resulting Issuer is in default of applicable Canadian securities laws.

### ***United States Securities Laws***

The Resulting Issuer Shares issued in connection with the Amalgamation are or will be “restricted securities” as defined in Rule 144 under the 1933 Act, and the holders may dispose of the Resulting Issuer Shares only pursuant to an effective registration statement under the 1933 Act or an exemption from the registration requirements of the 1933 Act. Northway is not obligated to file and has no present intention of filing with the SEC or with any state securities administrator any registration statement in respect of resales of the Resulting Issuer Shares in the United States. Accordingly, holders of the Resulting Issuer Shares may be required to hold the Resulting Issuer Shares indefinitely.

Additionally, Northway (i) is not obligated to remain a “foreign issuer” within the meaning of Regulation S, (ii) may not, at the time the Northway Shares are resold or otherwise transferred by it or at any other time, be a foreign issuer, and (iii) may engage in one or more transactions that could cause Northway not to be a foreign issuer, and if Northway is not a foreign issuer at the time of any sale or other transfer of the Northway Shares pursuant to Rule 904 of Regulation S, a holder of the Kenorland Shares may be required to hold the Northway Shares indefinitely.

### **Financing**

In connection with the Transaction, on November 4, 2020 Kenorland completed the Financing with the assistance of the Agent to raise \$10,000,000 through the issuance of 10,000,000 Subscription Receipts at a price of \$1.00 per Subscription Receipt.

Kenorland and the Agent have entered into the Agency Agreement pursuant to which the Agent has agreed to act on a best-efforts basis in connection with the Financing.

Each Subscription Receipt will entitle the holder thereof to receive, without any further action on the part of the holder or payment of any additional consideration, one Resulting Issuer Share, subject to the satisfaction or waiver of the Escrow Release Conditions prior to Escrow Release Deadline, and provided that the Transaction has not otherwise been terminated.

The Escrow Release Conditions shall include, among other things (a) receipt of all required corporate, shareholder and regulatory approvals in connection with the Financing and Transaction, including without limitation the conditional approval of the Exchange for the Transaction and the listing of the Resulting Issuer Shares, including the Resulting Issuer Shares underlying the Subscription Receipts, (b) the completion, satisfaction or waiver of all conditions precedent to the Transaction in accordance with the Amalgamation Agreement to the satisfaction of the Agent, (c) Kenorland and the Agent having delivered a joint notice to the Subscription Receipt Agent confirming that the conditions set forth in (a) and (b) have been met or waived. .

Kenorland agreed to pay the Agents a cash commission of \$149,815.25 and a corporate advisory fee of \$23,858.25. In addition, Kenorland will issue to the Agent 197,410 Brokers Warrants. Kenorland has also agreed to pay the Agent’s expenses and fees in connection with the Financing including the Agent’s legal counsel (to a maximum of \$100,000 excluding disbursements), which fees are payable by Kenorland whether or not the Financing is completed.

The gross proceeds of the Financing less 50% of the Agent’s cash commission and certain expenses will be held in escrow with the Subscription Receipt Agent, pursuant to the terms and conditions of the Subscription Receipt Agreement and, upon the satisfaction or waiver of the Escrow Release Conditions, the net proceeds will be released to the Resulting Issuer and the remaining Agent’s commissions will be released to the Agent. In the event that the Escrow Release Conditions are not satisfied by the Escrow Release Deadline, the proceeds of the Financing will be returned to the holders of the Subscription Receipts and the Subscription Receipts will be cancelled.

It was a condition of the closing of the Financing that each of the directors and officers of the Resulting Issuer, shall agree, in a lock-up agreement to be executed concurrently with the Financing Closing Date, that for a period of 120 days from the date of the escrow release, each will not, directly or indirectly, offer, sell, contract to sell, grant any option to purchase, make any short sale, or otherwise dispose of, or transfer, or announce any intention to do so, any



common shares of the Resulting Issuer, whether now owned directly or indirectly, or under their control or direction, or with respect to which each has beneficial ownership, or enter into any transaction or arrangement that has the effect of transferring, in whole or in part, any of the economic consequences of ownership of common shares of the Resulting Issuer, whether such transaction is settled by the delivery of common shares of the Resulting Issuer, other securities, cash or otherwise other than pursuant to a take-over bid or any other similar transaction made generally to all of the shareholders of the Resulting Issuer.

Kenorland also agreed to cause the Resulting Issuer not to issue or sell any of its common shares or financial instruments convertible or exchangeable into common shares, other than for purposes of director or employee stock options or to satisfy existing instruments of the Resulting Issuer already issued as of the date hereof, for a period of 120 days from the date of the escrow release, without the prior consent of Agent, such consent not to be unreasonably withheld.

## **RISK FACTORS**

**The Resulting Issuer's securities should be considered highly speculative due to the nature of the Resulting Issuer's business. An investor should consider carefully the risk factors set out below. In addition, investors should carefully review and consider all other information contained in this Circular (including all Schedules hereto) before making an investment decision. An investment in securities of the Resulting Issuer should only be made by persons who can afford a significant or total loss of their investment.**

**An investment in the Resulting Issuer Shares should be considered highly speculative, not only due to the nature of each of Northway's and Kenorland's existing and proposed business and operations, but also because of the uncertainty related to completion of the Transaction and the business of the Resulting Issuer if the Transaction is completed. In addition to the other information in this Circular (including all Schedules hereto), an investor should carefully consider each of, and the cumulative effect of, the following factors, which assume the completion of the Transaction**

### **Risk Factors Associated with the Transaction**

#### *No Certainty That All Conditions Precedent Will Be Satisfied*

The completion of the Transaction is subject to a number of conditions precedent set out in the Amalgamation Agreement, some of which are outside the control of Northway and Kenorland, including receipt of the applicable shareholder approval or Exchange approval. There can be no certainty, nor can Northway or Kenorland provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. The requirement to take certain actions or to agree to certain conditions to satisfy such requirements or obtain any such approvals may have a material adverse effect on the business and affairs of Northway, Kenorland or the Resulting Issuer or the trading price of the Northway Shares.

If the Transaction is not completed, the market price of the Northway Shares may decline to the extent that the market price reflects a market assumption that the Transaction will be completed. Additionally, if the Transaction is not completed and either Northway or Kenorland decides to seek another merger or amalgamation, there can be no assurance that it will be able to find a party willing to pay an equivalent or more attractive price than the consideration to be received by the Northway Shareholders or Kenorland Shareholders, as applicable pursuant to the Transaction.

#### *Anticipated Benefits of the Transaction May Not Be Realized*

Northway and Kenorland are proposing to complete the Transaction to strengthen the position of the Resulting Issuer and to create the opportunity to realize certain benefits including, among other things, those set forth in this Circular. Achieving the benefits of the Transaction depends in part on the ability of the Resulting Issuer to effectively capitalize on its assets, to realize the anticipated capital and operating synergies, to profitably sequence the growth prospects of its asset base and to maximize the potential of its improved growth opportunities and capital funding opportunities as a result of the Transaction. A variety of factors, including those risk factors set forth in this

Circular and the Schedules attached hereto, may adversely affect the ability to achieve the anticipated benefits of the Transaction.

#### *Failure to Obtain All Regulatory Requirements*

Completion of the Transaction is subject to, among other things, the acceptance of the Exchange and the approval of each of the Northway Shareholders and the Kenorland Shareholders. As of the date of this Circular, Northway has not received conditional or final approval of the Exchange. There can be no certainty, nor can either party provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied.

#### *Termination of Acquisition Agreements or Amalgamation Agreement*

Each of Northway and Kenorland has the right to terminate the Amalgamation Agreement in certain circumstances. Accordingly, there is no certainty, nor can either party provide any assurance, that the Amalgamation Agreement will not be terminated before the completion of the Transaction.

#### *Acquisitions Generally*

While each of Northway and Kenorland conducted due diligence in connection with the Transaction, there are risks inherent in any acquisition. Specifically, there could be unknown or undisclosed risks or liabilities of a Party for which the other Party is not sufficiently indemnified pursuant to the provisions of the Amalgamation Agreement. Any such unknown or undisclosed risks or liabilities could materially and adversely affect the Resulting Issuer's financial performance and results of operations. The Resulting Issuer could encounter additional transaction and integration related costs or other factors such as the failure to realize all of the benefits anticipated in the Transaction. All of these factors could cause a delay of the anticipated accretive effect of Transaction and cause a decrease in the market price of the Resulting Issuer Shares.

#### *Dilution*

Following completion of the Transaction, the Resulting Issuer may issue equity securities to finance its activities, including acquisitions. If the Resulting Issuer were to issue common shares, existing holders of such shares may experience dilution in the Resulting Issuer. Moreover, when the Resulting Issuer's intention to issue additional equity securities becomes publicly known, the Resulting Issuer's share price may be materially adversely affected.

### **Risk Associated with the Capital Markets**

#### ***Market for Securities and Volatility of Share Price***

There can be no assurance that an active trading market in the Resulting Issuer's securities will be established or sustained. The market price for the Resulting Issuer's securities could be subject to wide fluctuations. Factors such as government regulation, interest rates, share price movements of peer companies and competitors, announcements of quarterly variations in operating results, revenues and costs, and sentiments toward stocks as well as overall market movements, may have a significant adverse impact on the market price of the securities of the Resulting Issuer. The stock market has from time to time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of a particular company.

#### ***Speculative Nature of Investment Risk***

An investment in the securities of the Resulting Issuer carries a high degree of risk and should be considered as a speculative investment. Each of Northway, Kenorland and the Resulting Issuer has no history of earnings, limited cash reserves, a limited operating history, has not paid dividends, and is unlikely to pay dividends in the immediate or near future.



### ***Liquidity and Future Financing Risk***

The Resulting Issuer has limited financial resources, has no source of operating income and has no assurance that additional funding will be available to it for further exploration and development of its projects. Although Northway and Kenorland have been successful in the past in financing activities through the sale of equity securities, there can be no assurance that it or the Resulting Issuer will be able to obtain additional financing in the future to execute its business plan. Further, current global financial conditions have been subject to increased volatility and access to public financing has been negatively impacted. This may impact the ability of the Resulting Issuer to obtain equity or debt financing in the future and, if obtained, on terms favorable to the Resulting Issuer.

The Resulting Issuer will likely operate at a loss for the foreseeable future and it may require additional financing in order to fund future operations and expansion plans. The Resulting Issuer's ability to secure any required financing to sustain operations and expansion plans will depend in part upon prevailing capital market conditions and business success. There can be no assurance that the Resulting Issuer will be successful in its efforts to secure any additional financing or additional financing on terms satisfactory to management. Moreover, future activities may require the Resulting Issuer to alter its capitalization significantly and, if additional financing is raised by issuance of additional shares of the Resulting Issuer from treasury, control may change and shareholders may suffer dilution. The inability of the Resulting Issuer to access sufficient capital for its operations could have a material adverse effect on the Resulting Issuer's financial condition and results of operations.

### ***Additional Financing***

The exploration and development of the Resulting Issuer's mineral properties will require substantial additional capital. When such additional capital is required, the Resulting Issuer will need to pursue various financing transactions or arrangements, including joint venturing of projects, debt financing, equity financing or other means. Additional financing may not be available when needed or, if available, the terms of such financing might not be favourable to the Resulting Issuer and might involve substantial dilution to existing shareholders. The Resulting Issuer may not be successful in locating suitable financing transactions in the time period required or at all. A failure to raise capital when needed would have a material adverse effect on the Resulting Issuer's business, financial condition and results of operations. Any future issuance of securities to raise required capital will likely be dilutive to existing shareholders. In addition, debt and other debt financing may involve a pledge of assets and may be senior to interests of equity holders. The Resulting Issuer may incur substantial costs in pursuing future capital requirements, including investment banking fees, legal fees, accounting fees, securities law compliance fees, printing and distribution expenses and other costs. The ability to obtain needed financing may be impaired by such factors as the capital markets (both generally and in the gold and copper industries in particular), the Resulting Issuer's status as a new enterprise with a limited history, the price of commodities and/or the loss of key management personnel. Further, if the price of gold, copper and other metals on the commodities markets decreases, then potential revenues from the Resulting Issuer's projects will likely decrease and such decreased revenues may increase the requirements for capital. Failure to obtain sufficient financing will result in a delay or indefinite postponement of development or production at the Resulting Issuer's projects. The Resulting Issuer will require additional financing to fund its operations until positive cash flow is achieved. See "*Risk Factors – Risks Associated with the Capital Markets - Negative Cash Flow from Operations*".

### ***Ability of Resulting Issuer to Continue as a Going Concern***

The Resulting Issuer is in the exploration stage and is currently seeking additional capital to develop its exploration properties. The Resulting Issuer's ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and, in the meantime, to obtain the necessary financing to meet its obligations and repay its liabilities when they become due. External financing, predominantly by the issuance of equity and debt, will be sought to finance the operations of the Resulting Issuer; however, there can be no certainty that such funds will be available at terms acceptable to the Resulting Issuer. These conditions indicate the existence of material uncertainties that may cast significant doubt about the Resulting Issuer ability to continue as a going concern.

### ***Negative Cash Flow from Operations***

During the period ended March 31, 2020, Northway had negative cash flows from operating activities and the Resulting Issuer expects to continue to have negative cash flows and the net proceeds from the Financing will be used to fund such negative cash flow from operating activities. The Resulting Issuer currently has no source of operating cash flow and is expected to continue to do so for the foreseeable future. The Resulting Issuer's failure to achieve profitability and positive operating cash flows could have a material adverse effect on its financial condition and results of operations.

### ***Dividends***

The Resulting Issuer does not anticipate paying any dividends on the Resulting Issuer Shares in the foreseeable future. Dividends paid by the Resulting Issuer would be subject to tax and, potentially, withholdings.

Any decision to declare and pay dividends in the future will be made at the discretion of the Resulting Issuer's board of directors and will depend on, among other things, financial results, cash requirements, contractual restrictions and other factors that the Company's board of directors may deem relevant.

### **Risks Related to the Business of Northway, Kenorland and the Resulting Issuer**

#### ***Mineral exploration is speculative and uncertain and involves a high degree of risk***

The exploration for, and development of, mineral deposits involves a high degree of risk, which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing mines. Resource exploration and development is a 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, although present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Resulting Issuer may be affected by numerous factors that are beyond the control of the Resulting Issuer and that cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection, the combination of which factors may result in the Resulting Issuer not receiving an adequate return on investment capital.

All of the properties in which the Resulting Issuer has an interest are without any mineral reserves. Whether a mineral deposit will be commercially viable depends on a number of factors, which include, without limitation, the particular attributes of the deposit, such as size, grade and proximity to infrastructure, metal prices, which fluctuate widely, and government regulations, including, without limitation, regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The combination of these factors may result in the Resulting Issuer expending significant resources (financial and otherwise) on a property without receiving a return. There is no certainty that expenditures made by the Resulting Issuer towards the search and evaluation of mineral deposits will result in discoveries of an economically viable mineral deposit.

The Resulting Issuer's operations will be subject to all of the hazards and risks normally encountered in the exploration, development and production of minerals. These include unusual and unexpected geological formations, rock falls, seismic activity, flooding and other conditions involved in the extraction 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 precautions to minimize risk will be taken, operations are subject to hazards that may result in environmental pollution, and consequent liability that could have a material adverse impact on the business, operations and financial performance of the Resulting Issuer.

The long-term commercial success of the Resulting Issuer depends on its ability to explore, develop and commercially produce minerals from its properties and to locate and acquire additional properties worthy of exploration and development for minerals. No assurance can be given that the Resulting Issuer will be able to locate

satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, the Resulting Issuer may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participation uneconomic.

### *Exploration and Development*

Mineral exploration and development involves a high degree of risk and few properties which are explored are ultimately developed into producing mines.

None of Northway's and Kenorland's properties presently contain any current mineral resources or mineral reserves. Should any mineral deposits be discovered, substantial expenditures will be required to confirm mineral reserves which are sufficient to commercially mine, and to obtain the required environmental approvals and permitting required to commence commercial operations. Should any mineral resource be defined on such properties there can be no assurance that the mineral resource on such properties can be commercially mined or that the metallurgical processing will produce economically viable saleable products. The decision as to whether a property contains a commercial mineral deposit and should be brought into production will depend upon the results of exploration programs and/or feasibility studies, and the recommendations of duly qualified engineers and/or geologists, all of which involves significant expense. This decision will involve consideration and evaluation of several significant factors including, but not limited to:

- costs of bringing a property into production, including exploration and development work, preparation of production feasibility studies and construction of production facilities;
- availability and costs of financing;
- ongoing costs of production;
- market prices for the minerals to be produced;
- environmental compliance regulations and restraints (including potential environmental liabilities associated with historical exploration activities); and
- political climate and/or governmental regulation and control.

The ability of the Resulting Issuer to sell, and profit from the sale of any eventual production from any of the Resulting Issuer's properties will be subject to the prevailing conditions in the marketplace at the time of sale. Many of these factors are beyond the control of Northway, Kenorland or the Resulting Issuer and therefore represent a market risk which could impact the long-term viability of the Resulting Issuer and its operations.

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

The Resulting Issuer currently has no advanced exploration projects. The Resulting Issuer's projects are exploration projects that have no operating history upon which to base estimates of future cash operating costs, future capital spending requirements or future site remediation costs or asset retirement obligations.

The Resulting Issuer has limited experience in placing mineral properties into production, and its ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with major mining companies that can provide such expertise. There can be no assurance that the Resulting Issuer will have available to it the necessary expertise when and if it places its mineral properties into production.

### ***Title to Mineral Properties***

While Northway and Kenorland have performed their own due diligence with respect to the validity of the mineral claims comprising their respective mineral properties, this should not be construed as a guarantee of title. There is no assurance that applicable governmental bodies will not revoke or significantly alter the conditions of the applicable claims that are included in such properties or that such claims will not be challenged or impugned by third parties.

The Resulting Issuer's mineral properties may be subject to prior unregistered agreements of transfer or indigenous land claims, and title may be affected by undetected defects. Until any such competing interests have been determined, there can be no assurance as to the validity of title of the Resulting Issuer's mineral properties and any

other mining or property interests derived from or in replacement or conversion of or in connection with the claims comprising the Resulting Issuer's mineral properties or the size of the area to which such claims and interests pertain.

### ***Community Groups***

There is an ongoing level of public concern relating to the effects of mining on the natural landscape, on communities and on the environment. Certain non-governmental organizations, public interest groups and reporting organizations who oppose resource development can be vocal critics of the mining industry. Any such actions and the resulting media coverage could have an adverse effect on the reputation and financial condition of the Resulting Issuer or its relationships with the communities in which it operates, which could have a material adverse effect on the Resulting Issuer's business, financial condition, results of operations, cash flows or prospects.

### ***Possible Loss of Interests in Exploration Properties***

Ownership of Northway's and Kenorland's mineral properties requires property maintenance which requires the submission of reports of assessment work in the relevant jurisdictions. Certain mineral properties, such as the Healy Project, require certain cash payments and/or expenditures to third parties in order to maintain their interests in the properties. If the Resulting Issuer fails to make such payments or expenditures in a timely fashion, the Resulting Issuer may lose its interest in those properties.

While Northway and Kenorland have each performed their own due diligence, no assurances can be given that title defects to the properties in which Northway or Kenorland has an interest do not exist. The properties may be subject to prior unregistered agreements or interests and title may be affected by undetected defects. If title defects do exist, it is possible that Northway or Kenorland may lose all or a portion of its right, title, estate and interest in and to their respective properties to which the title defect relates.

### ***At-Risk Claims***

The Healy Project consists of 198 State of Alaska mining claims and 30 State Selected claims currently designated as Native Selected. The 30 State Selected Healy claims have been deemed "At-risk" because they are currently within Doyon Ltd. Selected Land and topfiled for future State-Selection by the State of Alaska under Section 906(e) of the Alaska National Interest Lands Conservation Act (ANILCA). The active Doyon selection prevents the State's topfiling from attaching as a bona fide State-Selection. Therefore, The 30 State Selected claims are "At-Risk" of not being conveyed to the State of Alaska. There is a material risk to the Company that the state selected claims will not be conveyed and will cease to form part of the Healy Project, regardless of the expenditures on those claims which may be completed by the Resulting Issuer.

### ***Infrastructure***

Exploration, development and processing activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important elements of infrastructure, which affect access, capital and operating costs. The lack of availability on acceptable terms or the delay in the availability of any one or more of these items could prevent or delay exploration or development of the Resulting Issuer's projects. If adequate infrastructure is not available in a timely manner, there can be no assurance that the exploration or development of the Resulting Issuer's projects will be commenced or completed on a timely basis, if at all. Furthermore, unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of necessary infrastructure could adversely affect the Resulting Issuer's operations.

### ***Limited Exploration Season***

The Healy Project and the Tanacross Project are located in the northern interior of Alaska and their area is largely covered by alpine tundra and sub-Arctic taiga forest. The area of the Healy Project and Tanacross Project experiences long winters with sub-freezing temperatures. As a result the exploration season for such projects in any calendar year is limited and the Resulting Issuer may not be able to complete its proposed exploration programs on

these projects within the timeframes desired or expected. Additionally, progress towards the advancement of these projects, if merited, may be slow.

The development of mines in this part of Alaska also requires additional engineering and costs related to climate, which could have a material adverse effect on the Resulting Issuer's business, financial condition, results of operations, cash flows or prospects.

### ***Mineral Resources and Reserves***

There is no NI 43-101 compliant mineral resource or mineral reserve on any of the Resulting Issuer's mineral projects. There can be no assurances that an NI 43-101 compliant resource or reserve will ever be estimated on any of the Resulting Issuer's projects.

Because the Resulting Issuer has not defined or delineated any proven or probable reserves on any of its properties, any future mineralization estimates for the Resulting Issuer's properties may require adjustments or downward revisions based upon further exploration or development work or actual production experience. In addition, the grade of ore ultimately mined, if any, may differ from that indicated by drilling results. There can be no assurance that minerals recovered in small-scale tests will be duplicated in large-scale tests under on-site conditions or in production scale.

### ***Fluctuating Price of Metals***

Future production, if any, from the Resulting Issuer's mineral properties will be dependent upon the prices of gold and other precious metals being adequate to make these properties economic. Materially adverse fluctuations in the price of such minerals and metals may adversely affect the Resulting Issuer's financial performance and results of operations. Commodity prices fluctuate on a daily basis and are affected by numerous factors beyond the control of the Issuer, including levels of supply and demand, industrial development levels, inflation and the level of interest rates, the strength of the U.S. dollar and geopolitical events in significant mineral producing countries. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments.

All commodities, by their nature, are subject to wide price fluctuations and future material price declines will result in a decrease in the value of the commodity held, and/or revenue or, in the case of severe declines that cause a suspension or termination of production by relevant operators, a complete cessation of revenue from streams, royalties or interests in mineral properties applicable to the relevant commodities. There is no assurance that, even if commercial quantities of cobalt are produced, a profitable market will exist for them.

### ***Competitive Risks***

The mineral resource industry is competitive in all of its phases. The Resulting Issuer competes with other companies, some of which have greater financial and other resources than the Resulting Issuer and, as a result, may be in a better position to compete for future business opportunities. The Resulting Issuer competes with other exploration and mining companies for the acquisition of leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel. There can be no assurance that the Resulting Issuer can compete effectively with these companies.

### ***Government and Regulatory Risks***

The Resulting Issuer is subject to various laws governing exploration, taxes, labour standards and occupational health, safety, toxic substances, land use, water use, land claims of local people and other matters. 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 the Resulting Issuer's activities.

Amendments to current laws, regulations and permits governing activities of exploration and mining companies, or more stringent implementation thereof, could have a material adverse impact on the Resulting Issuer and cause increases in expenses or require abandonment or delays in activities.

Failure to comply with any applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing activities 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 activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

### ***Environmental Risks***

All phases of the Resulting Issuer's operations will be subject to environmental regulation in Canada and the United States, as applicable. Changes in environmental regulation, if any, may adversely impact the Resulting Issuer's operations and future potential profitability. In addition, environmental hazards may exist on the Resulting Issuer's mineral projects which are currently unknown. The Resulting Issuer may be liable for losses associated with such hazards, or may be forced to undertake extensive remedial cleanup action or to pay for governmental remedial cleanup actions, even in cases where such hazards have been caused by previous or existing owners or operators of the properties, or by the past or present owners of adjacent properties or by natural conditions. The costs of such cleanup actions may have a material adverse impact on the Resulting Issuer's operations and future potential profitability.

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 the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

The Resulting Issuer may be subject to reclamation requirements designed to minimize long-term effects of mining exploitation and exploration disturbance by requiring the operating company to control possible deleterious effluents and to re-establish to some degree pre-disturbance land forms and vegetation. Any significant environmental issues that may arise, however, could lead to increased reclamation expenditures and could have a material adverse impact on the Resulting Issuer's financial resources.

### ***License and Permits***

In the ordinary course of business, the Resulting Issuer will be required to obtain and renew governmental licenses or permits for exploration, development, construction and commencement of mining at any of its projects. The Resulting Issuer may not be able to obtain or renew licenses or permits that are necessary to its operations. Any unexpected delays or costs associated with the licensing or permitting process could delay the development or impede the operation of a mine, which could adversely impact the Resulting Issuer's operations and profitability.

### ***Uninsured risks***

The business of the Resulting Issuer 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 and floods. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to properties of the Resulting Issuer or others, delays in mining, monetary losses and possible legal liability.

Although the Resulting Issuer will maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations and insurance



coverage may not continue to be available or may not be adequate to cover any resulting liability. It is not always possible to obtain insurance against all such risks and the Resulting Issuer may decide not to insure against certain risks because of high premiums or other reasons. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Resulting Issuer or to other companies in the mining industry on acceptable terms. 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.

### ***Limited Operating History and Lack of Profits***

Each of Northway and Kenorland is an early-stage exploration company with a limited operating history. The likelihood of success of the Resulting Issuer's business plan must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with developing and expanding early-stage businesses and the regulatory and competitive environment in which the Resulting Issuer will operate.

Neither Northway nor Kenorland has any history of earnings and has not commenced commercial production on any of their properties. Each of Northway and Kenorland has experienced losses from operations and expects to continue to incur losses for the foreseeable future. There can be no assurance that the Resulting Issuer will be profitable in the future. The Resulting Issuer's operating expenses and capital expenditures are likely to increase in future years as needed consultants, personnel and equipment associated with advancing exploration, and, if permitted, development and, potentially, commercial production of its properties, are added. The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analyses and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners, the Resulting Issuer's acquisition of additional properties, government regulatory processes and other factors, many of which are beyond the Resulting Issuer's control. The Resulting Issuer expects to continue to incur losses unless and until such time as its properties enter into commercial production and generate sufficient revenues to fund its continuing operations. The development of the Resulting Issuer's properties will require the commitment of substantial resources. There can be no assurance that the Resulting Issuer will generate any revenues or achieve profitability.

### ***Reliance on Personnel***

The Resulting Issuer's success depends to a significant extent on its ability to identify, attract, hire, train and retain qualified personnel. Competition for such personnel may be intense and there can be no assurance that the Resulting Issuer will be successful in identifying, attracting, hiring, training and retaining such personnel in the future. If the Resulting Issuer is unable to identify, attract, hire, train and retain qualified personnel in the future, such inability could have a material adverse effect on its business, operating results and financial condition..

Additionally, the Resulting Issuer will be dependent on a number of key management personnel, including the services of certain key employees. The Resulting Issuer's ability to manage its exploration, appraisal and potential development and mining activities will depend in large part on the ability to retain current personnel and attract and retain new personnel, including management, technical and a skilled workforce. The loss of the services of one or more key management personnel could have a material adverse effect on the Resulting Issuer's ability to manage and expand the business

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

Certain of the directors and officers of the Resulting Issuer will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including resources companies) and, as a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest. The BCBCA provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA. To the proposed management of the Resulting Issuer's knowledge, as at the date hereof there are no existing or potential material conflicts of interest between the Resulting Issuer and a proposed director or officer of the Resulting Issuer except as otherwise disclosed herein.

### ***Dependence on Outside Parties***

Northway and Kenorland have relied upon external consultants and the Resulting Issuer would intend to rely on some of these parties for development, construction and operating expertise. Substantial expenditures are required to establish mineral reserves through drilling, to carry out environmental and social impact assessments, and to develop process to extract the commodity from ore. If such parties' work is deficient or negligent or is not completed in a timely manner, it could have a material adverse effect on the Resulting Issuer.

### ***COVID-19***

The outbreak of the novel coronavirus (COVID-19) may cause disruptions to the Resulting Issuer's business and operational plans. These disruptions may include disruptions resulting from (i) shortages of employees, (ii) unavailability of contractors and subcontractors, (iii) interruption of supplies from third parties upon which the Resulting Issuer will rely, (iv) restrictions that governments impose to address the COVID-19 outbreak, and (v) restrictions that the Resulting Issuer and its contractors and subcontractors impose to ensure the safety of employees and others. Further, it is presently not possible to predict the extent or durations of these disruptions. These disruptions may have a material adverse effect on the Resulting Issuer's business, financial condition and results of operations. Such adverse effect could be rapid and unexpected. These disruptions may severely impact the Resulting Issuer's ability to carry out its business plans for 2020-2021.

In addition, the COVID-19 pandemic has created a dramatic slowdown in the global economy. The duration of the COVID-19 outbreak and the resultant travel restrictions, physical distancing, government response actions, business closures and business disruptions, can all have an impact on the Resulting Issuer'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 including delays in commencing exploration operations, reduced resource prices, share prices and financial liquidity and thereby that may severely limit the financing capital available

## **GENERAL MATTERS**

### **Sponsorship**

The Exchange has provided Northway with an exemption from the requirement to obtain a sponsor in connection with the Transaction.

### **Experts**

Kenorland retained Rémi Charbonneau, Ph.D., P. Geo, OGQ Member 290, of Inlandsis Consultant to prepare an independent technical report on the Frotet Project on behalf of Northway and Kenorland. The Frotet Technical Report is referenced in Schedule "E" at "*Information Concerning Kenorland - Mineral Properties*".

Kenorland retained Cyrill N. Ossrich, P. Geo., B.Sc. to prepare an independent technical report on the Tanacross Project on behalf of Northway and Kenorland. The Tanacross Technical Report is referenced in Schedule "E" at "*Information Concerning Kenorland - Mineral Properties*".

Davidson & Company LLP, Chartered Professional Accountants, prepared the auditor's reports for the audited annual financial statements of Northway for years ended March 31, 2020 and March 31, 2019, which are attached as Schedule "K", as well as the auditor's report for the audited annual financial statements of the Kenorland for the years ended December 31, 2019 and December 31, 2018, which are attached as Schedule "G" hereto. Davidson & Company LLP, Chartered Professional Accountants, Northway's and Kenorland's auditor, is independent in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

To the knowledge of Northway and Kenorland, none of the experts above or their respective Associates or Affiliates, beneficially owns, directly or indirectly, any securities of Northway or Kenorland, has received or will receive any direct or indirect interests in the property of Northway or Kenorland or is expected to be elected,



appointed or employed as a director, officer or employee of the Resulting Issuer or any Associate or Affiliate thereof.

### **Other Material Facts**

To the knowledge of management of Northway and Kenorland, there are no other material facts relating to Northway, Kenorland, the Resulting Issuer, the Transaction or the Financing that are not otherwise disclosed in this Circular and are necessary in order for the Circular to contain full, true and plain disclosure of all material facts relating to Northway, Kenorland and the Resulting Issuer, assuming completion of the Transaction and the Financing.

### **Additional Information**

Additional information relating to Northway is on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may contact Northway's registered office at 1853 Suite 2080-777 Hornby Street, Vancouver British Columbia, V6Z 1S4 (email: [shartman@armlaw.com](mailto:shartman@armlaw.com)) to request copies of Northway's financial statements and MD&A or a copy of this Circular, or any of Northway documents incorporated herein by reference.

### **Additional Business**

As of the date of this Circular, neither the Northway Board nor the Kenorland Board knows of any other matters to be brought to the Meetings, other than those set forth in the Notice of Meetings accompanying this Circular. If other matters are properly brought before the Meetings, the persons named in the enclosed proxy will vote the proxy on such matters in accordance with their best judgment.

### **APPROVAL BY THE BOARD OF DIRECTORS**

The contents and mailing to Northway Shareholders and Kenorland Shareholders of this Circular have been approved by the Northway Board and Kenorland Board respectively.

No person is authorized to give any information or to make any representations in respect of the matters addressed herein other than those contained in this Circular and, if given or made, such information must not be relied upon as having been authorized.

**SCHEDULE A**

**NORTHWAY RESOLUTION**

**BE IT RESOLVED** as an ordinary resolution of the shareholders of Northway Resources Corp. (the “**Company**”) that:

1. the execution and delivery of the amalgamation agreement dated September 14, 2020 (the “**Agreement**”) among the Company, Kenorland Minerals Ltd. (“**Kenorland**”) and 1265114 B.C. Ltd., a wholly-owned subsidiary of the Company, be and is hereby ratified, confirmed and approved;
2. the performance by the Company of its obligations under the Agreement, including the acquisition of all of the outstanding securities of Kenorland in exchange for the issuance of common shares in the capital of the Company, which will result in a Reverse Takeover (as defined in the policies of the TSX Venture Exchange (the “**TSXV**”)) of the Company by Kenorland, be and is hereby authorized and approved;
3. subject to the approval of the TSXV, the completion of the transactions contemplated by the Agreement, on such terms and conditions as the board of directors of the Company (the “**Board**”) may determine, in its sole discretion, and all matters related thereto, be and are hereby authorized and approved;
4. notwithstanding that this resolution has been passed (and the Agreement adopted) by the shareholders of the Company, the Board is hereby authorized and empowered, without further approval of the shareholders of the Company, at any time prior to the issuance under the *Business Corporations Act* (British Columbia) (the “**BCBCA**”) of a certificate of amalgamation in respect of the Amalgamation: (i) to amend, modify or supplement the Amalgamation Agreement to the extent permitted by the Amalgamation Agreement, and (ii) not to proceed with the Amalgamation or any other transactions contemplated by the Agreement, or otherwise give effect to these resolutions; and
5. any officer or director of the Company is hereby authorized and directed, for and on behalf of and in the name of the Company to execute, under the seal of the Company or otherwise, and to deliver, all documents, agreements and instruments and to do all such other acts and things, including delivering such documents as are necessary or desirable to the director appointed under the BCBCA for filing in accordance with the Amalgamation Agreement, as such officer or director, may deem necessary or desirable to implement the foregoing resolutions and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such documents, agreements or instruments or doing of any such act or thing.

**SCHEDULE B**

**KENORLAND RESOLUTION**

**BE IT RESOLVED** as a special resolution that:

1. the amalgamation (the “**Amalgamation**”) under Section 269 of the *Business Corporations Act* (British Columbia) (the “**BCBCA**”) involving Northway Resources Corp. (“**Northway**”), Kenorland Minerals Ltd. (the “**Company**”) and 1265114 B.C. Ltd. (“**Newco**”), a wholly-owned subsidiary of Northway, pursuant to the terms and conditions contained in the amalgamation agreement (the “**Amalgamation Agreement**”) dated September 14, 2020 (as the same may be or has been modified or amended), is hereby authorized and approved and the Amalgamation is hereby adopted;
2. the execution and delivery by the Company of the Amalgamation Agreement is hereby authorized and approved;
3. the articles of the amalgamated company shall be substantially in the form of the articles of Newco, as may be amended by any officer or director of the Company;
4. any officer or director of the Company is hereby authorized and directed, on behalf of the Company, to execute and deliver an amalgamation application to effect the Amalgamation and to file same with BC Registry Services with respect to the Amalgamation;
5. notwithstanding that this special resolution has been passed (and the Amalgamation Agreement adopted) by the shareholders of the Company, the directors of the Company are hereby authorized and empowered without further approval of the shareholders of the Company at any time prior to the issuance by BC Registry Services of a certificate of amalgamation in respect of the Amalgamation (i) to amend the Amalgamation Agreement to the extent permitted by the Amalgamation Agreement, and (ii) not to proceed with the Amalgamation to the extent permitted by the Amalgamation Agreement or otherwise give effect to these resolutions; and
6. any officer or director of the Company is hereby authorized and directed for and on behalf of and in the name of the Company to execute, under the seal of the Company or otherwise, and to deliver, all documents, agreements and instruments and to do all such other acts and things, including delivering such documents as are necessary or desirable to Registrar of Companies for filing in accordance with the Amalgamation Agreement, as such officer or director, may deem necessary or desirable to implement the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of any such documents, agreements or instruments or doing of any such act or thing.

**SCHEDULE “C”**

**FAIRNESS OPINION**

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## SCHEDULE “D”

### INFORMATION CONCERNING NORTHWAY

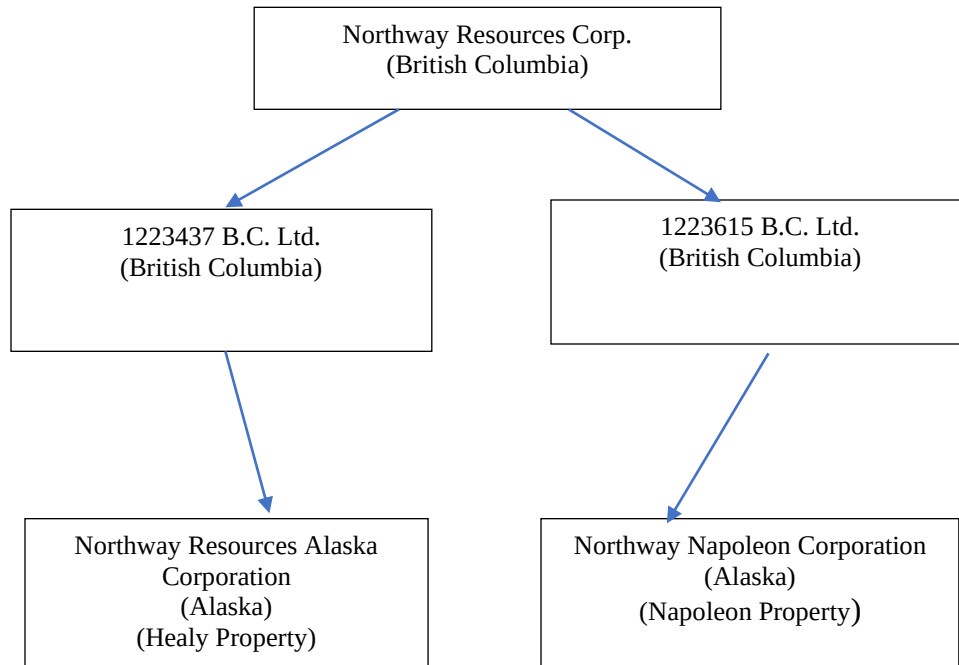
*The following information has been provided by Northway and reflects the current business, financial and share capital position of Northway. See “Information Concerning the Resulting Issuer” for pro forma business, financial and share capital information following the Completion Date. All capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the Circular to which this Schedule “D” is attached.*

#### Corporate Structure

Northway was incorporated under the BCBCA on May 29, 2018 as “Northway Resources Corp.” The head office of Northway is located at #310 - 119 West Pender Street, Vancouver British Columbia, V6B 1S5 and the registered and records office of Northway is located at Suite 2080, 777 Hornby Street, Vancouver, British Columbia, V6Z 1S4. Northway is a reporting issuer in the provinces of British Columbia, Alberta and Ontario and the Common Shares are listed for trading on the Exchange under trading symbol “NTW”.

#### Intercorporate Relationships

Northway has five wholly owned subsidiaries, being Subco, which was incorporated solely for the purposes of completing the Amalgamation, as well as 1223427 B.C. Ltd., 1223615 B.C. Ltd., Northway Resources Alaska Corporation and Northway Napoleon Corporation, which are represented in the organizational chart below.



Except as described herein, Northway has no other subsidiaries and does not hold any shares or securities of any other entity and is not affiliated with, nor is it a holding corporation of, any other body corporate.

Northway is the registered and beneficial owner of all of the issued and outstanding shares of each of 1223437 B.C. Ltd. and 1223615 B.C. Ltd., each of which were incorporated pursuant to the BCBCA.

1223437 B.C. Ltd. is the registered and beneficial owner of all of the issued and outstanding shares of Northway Resources Alaska Corporation, a company incorporated pursuant to the laws of the state of Alaska and which holds all of Northway's interests in and to the Healy Project.

1223615 B.C. Ltd. is the registered and beneficial owner of all of the issued and outstanding shares of Northway Napoleon Corporation, a company incorporated pursuant to the laws of the state of Alaska and which holds all of Northway's interests in and to the project known as the Napoleon project.

## **General Development of the Business**

### ***Three Year History***

Northway is a mineral exploration company targeting gold exploration properties in Alaska.

#### ***Healy Project***

On July 31, 2018, Northway entered into a venture agreement dated July 31, 2018, as amended May 10, 2019 (the "Option Agreement") with Newmont North America Exploration Ltd. ("Newmont") pursuant to which Northway was granted the sole and exclusive option to acquire up to a 70% interest in the Healy Project.

In order to exercise the option, Northway must incur USD\$4,000,000 (CDN: \$5,400,000) in exploration expenditures on or before December 31, 2022, as follows:

| <b>Due Date</b>                               | <b>Exploration Commitment</b> |
|-----------------------------------------------|-------------------------------|
| First phase 1 period ended November 30, 2018  | US\$140,000 (completed)       |
| Second phase 1 period ended December 31, 2020 | US\$360,000 (completed)       |
| Third phase 1 period ended December 31, 2021  | US\$1,500,000                 |
| Fourth phase 1 period ended December 31, 2022 | US\$2,000,000                 |
| <b>Total</b>                                  | <b>US\$4,000,000</b>          |

Northway is the operator on the Healy Project during the option period and has the sole right and discretion to determine the nature, timing, scope, extent and method of exploration activities conducted on the Healy Project.

An area of interest around the Healy Project applies such that if either Newmont or Northway acquires any claims within such area of interest, at the option of the other party, such claims will form part of the Healy Project subject to the terms and conditions of the Option Agreement, provided that the non-acquiring party shall pay to the acquiring party their out-of-pocket acquisition costs relating to such claims proportionate to the non-acquiring party's participation interest in the Healy Project at the time. As a result, during the option period, Newmont would bear the costs of any claims to be added to the Healy Project within the area of interest.

If the exploration expenditures set forth above are not made as specified and at the time provided for in the Option Agreement, then Northway may, in its discretion, make a payment to Newmont equal to the shortfall, which payment must be paid within 30 days of the applicable due date, and such payment shall be deemed to constitute exploration expenditures. Northway has the right to accelerate the exercise of the option by completing all of the required exploration expenditures.

Upon the exercise of the option, Northway and Newmont will enter into a joint venture in respect of the Healy Project on the terms set forth in the Option Agreement, with Northway's initial contribution being deemed to be US\$4,000,000 and Newmont's initial contribution being deemed to be US\$1,715,000. The initial operator under the joint venture agreement will be Northway as the holder of the largest interest in the Healy Project, and the parties shall fund operations on the Healy Project proportionally to their interests in the Healy Project, subject to straight line dilution in the event of an election not to contribute to a work program. In the event that a party fails to fund an

approved work program and budget, the other party may fund the defaulting party's contribution and elect to convert such funding, if not repaid upon demand within five Business Days, into an additional contribution for the non-defaulting party's account provided that the defaulting party's interest shall be two times the funded amount. In the event that a party's participating interest in the Healy Project reaches 10% or less, such party will be deemed to have withdrawn from the joint venture and their interest shall be converted into a 2% net smelter royalty, which royalty may be purchased by the other party at any time for US\$2,000,000.

On May 10, 2019, Northway assigned all of its rights in and to the Option Agreement to Northway Resources Alaska Corporation, with the consent of Newmont.

Northway completed an inaugural exploration drilling campaign on the Healy Project in 2019 at its Bronk target, the results of which are summarized below:

**Table 1. Summary of Significant Intercepts**

| <b>Prospect</b> | <b>Hole ID</b>  | <b>From (m)</b> | <b>To (m)</b> | <b>Interval</b> | <b>Au (g/t)</b> |                  |
|-----------------|-----------------|-----------------|---------------|-----------------|-----------------|------------------|
| <b>Bronk</b>    | <b>HRC19-01</b> | <b>2.1</b>      | <b>55.5</b>   | <b>53.4</b>     | <b>0.35</b>     | <b>Including</b> |
|                 | HRC19-01        | 15.8            | 33.8          | 18.0            | 0.48            |                  |
| <b>Bronk</b>    | <b>HRC19-02</b> | <b>0.0</b>      | <b>49.4</b>   | <b>49.4</b>     | <b>0.42</b>     | <b>Including</b> |
|                 | HRC19-02        | 0.6             | 35.1          | 34.5            | 0.52            |                  |
| <b>Bronk</b>    | <b>HRC19-03</b> | <b>12.8</b>     | <b>48.8</b>   | <b>36.0</b>     | <b>0.19</b>     |                  |
| <b>Bronk</b>    | <b>HRC19-04</b> | <b>12.8</b>     | <b>36.8</b>   | <b>24.0</b>     | <b>0.13</b>     |                  |
|                 | <b>HRC19-04</b> | <b>44.8</b>     | <b>89.8</b>   | <b>45.0</b>     | <b>0.19</b>     |                  |
| <b>Bronk</b>    | <b>HRC19-08</b> | <b>11.3</b>     | <b>68.3</b>   | <b>57.0</b>     | <b>0.33</b>     | <b>Including</b> |
|                 | HRC19-08        | 15.8            | 47.3          | 31.5            | 0.47            |                  |
| <b>Bronk</b>    | <b>HRC19-09</b> | <b>3.7</b>      | <b>29.2</b>   | <b>25.5</b>     | <b>0.28</b>     |                  |
| <b>Bronk</b>    | <b>HRC19-10</b> | <b>40.2</b>     | <b>56.7</b>   | <b>16.5</b>     | <b>0.12</b>     |                  |

In 2020, a comprehensive surface exploration program was completed on the Healy Project, including geochemical and geophysical surveys.

In June 2020 Field teams collected 1820 infill soil samples covering seven discrete target areas. The results of the 50m x 50m spaced soil survey clearly define multiple robust gold in soil anomalies within three broader target areas (Thor, Bronk, Spike).

A ground electromagnetic (VLF) and magnetic survey was completed over the highest priority targets in order to define structures related to gold mineralization. The data, collected over the same survey areas, clearly delineate both low-angle thrust faults and later high-angle shear zones. These structural features are clearly associated with gold anomalism in the soils and present excellent targets for future exploration.



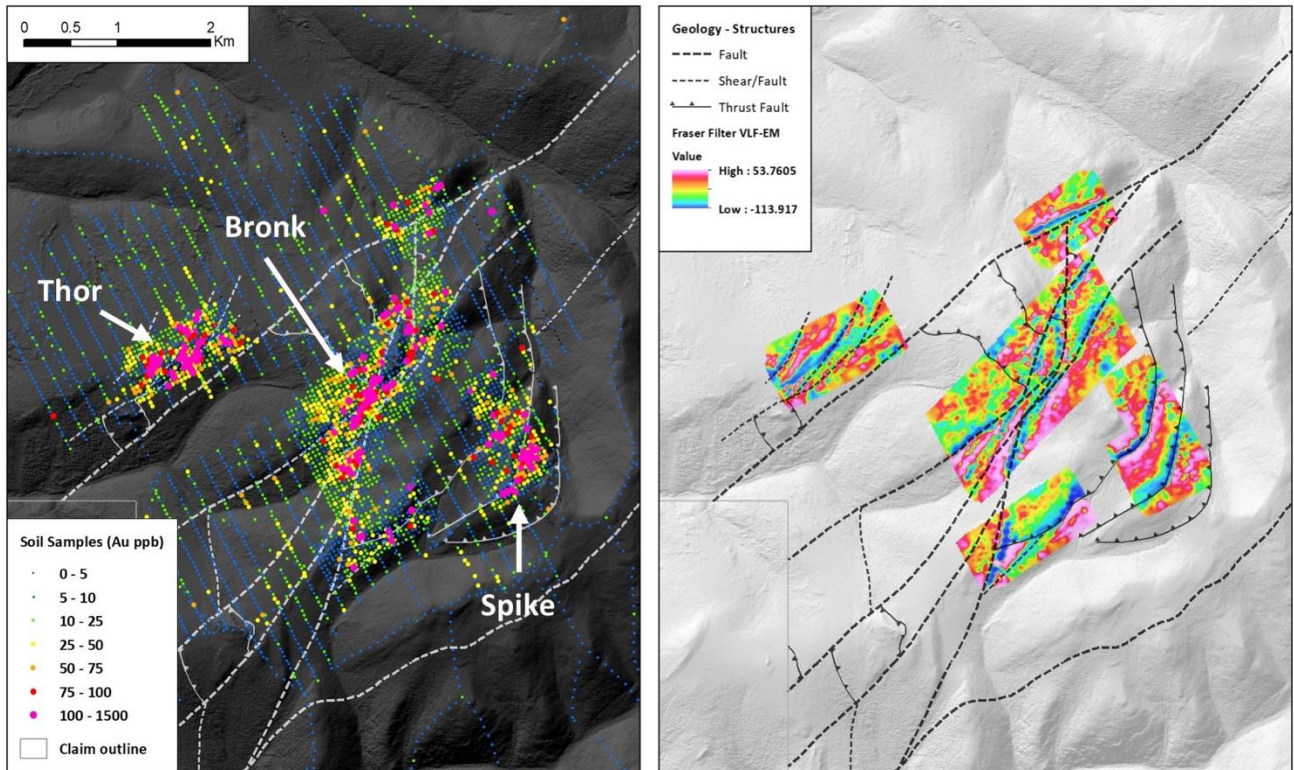


Figure 1: Results of June 2020 Exploration - Gold in soils (left) VLF-EM and structural geology (right)

In July, 2020 MPX Geophysics Ltd. carried out an airborne magnetic (Mag) and radiometric (Rad) survey over the central part of the Healy Project. The Mag and Rad survey consisted of 318.9 line-km flown at 100m line spacing. This work was completed in partnership with the State of Alaska's Department Geological and Geophysical Surveys. Magnetic survey data have better defined lithological boundaries and the location of prospective structures.

In September 2020, Aurora Geophysics carried out an induced polarization and resistivity (IP) geophysical survey. The IP survey targeted prospective areas identified from VLF and soil geochemical data. The survey consisted of 10 line-kilometers (line-km) between 3 target areas with 3 line-km on the Thor target, 6 line-km on the Bronk target and 1 line-km on the Spike & Trig targets. IP cross sections showing marked chargeability highs that correspond at surface with the VLF anomalies and mapped faults .

Data collected in 2020 will be used to aid targeting for the upcoming drill program.

#### *Napoleon Project*

On February 19, 2019, Northway Resources Alaska Corporation, through an agent, staked an aggregate of 108 claims located in Forty Mile Mining District, Alaska and formerly known as the Napoleon project. The claims were subsequently transferred to Northway Napoleon Corporation.

In February 2020, Northway acquired a proprietary exploration database from Millrock Exploration Corp. and its affiliate (collectively "Millrock") relating to the Napoleon project. As consideration, Northway granted to Millrock a 0.5% net smelter returns royalty on the Napoleon project and areas of interest, one-half of which may be acquired by Northway, at any time, for a one-time payment of US\$500,000 and is required to make annual advance royalty payments of US\$1,000.

In July 2020, Northway acquired a proprietary exploration database from a vendor relating to the Napoleon project. As consideration, Northway granted to the vendor a 1.0% net smelter returns royalty on the Napoleon project and

areas of interest, one-half of which may be acquired by Northway, at any time, for a one-time payment of US\$1,000,000.

In July 2020, a comprehensive surface exploration program was completed on the Napoleon property, including geochemical and geophysical surveys. A ground electromagnetic (VLF) and magnetic survey was completed over areas of historical drilling to delineate structural features related to gold mineralization. Field teams collected 550 infill soil samples over select target areas to refine gold in soil anomalies.

Northway personnel will use the results of all data collected in 2020 to aid targeting for the upcoming drill program. A permit application for drilling was submitted in October 2020.

#### *Recent Financings*

Northway completed the following financings since incorporation:

- 4,000,000 Northway Shares issued at \$0.001 per Northway Share for aggregate proceeds of \$4,000 to Kenorland.
- 3,000,000 units issued at a price of \$0.05 per unit pursuant to debt settlement agreements for \$150,000 in advances made by certain shareholders of Northway, including Zachary Flood. Each unit comprised one Northway Share and one Northway Warrant, exercisable at a price of \$0.10 per Northway Share for a period of five years ending September 15, 2023.
- 2,000,000 units at a price of \$0.05 per unit to Kenorland to settle \$100,000 in accounts payable pursuant to a related services agreement. Each unit comprised one Northway Share and one Northway Warrant, exercisable at a price of \$0.10 per Northway Share for a period of five years ending January 25, 2024.
- 7,000,000 units issued at \$0.05 per unit for aggregate proceeds of \$350,000. Each unit was comprised of one Northway Share and one Northway Warrant, exercisable at a price of \$0.10 per Northway Share for a period of five years ending March 19, 2024.

#### *Initial Public Offering*

On August 22, 2019, Northway completed its initial public offering of 18,486,000 Northway Shares issued at a price of \$0.10 per Northway Share generating aggregate gross proceed of \$1,848,600 pursuant to a prospectus dated July 30, 2019. Northway paid a cash commission equal to 7% of the proceeds placed to its agents, Haywood Securities Inc. and Echelon Wealth Partners Inc. as well as corporate finance fee of \$35,000 plus applicable taxes and issued an aggregate of 1,294,020 Northway Warrants exercisable at a price of \$0.10 per Northway Share until August 22, 2021. On August 28, 2019, Northway completed a sidecar private placement of 6,900,000 Northway Shares at a price of \$0.10 per Northway Share generating gross proceeds of \$690,000. A cash commission of \$46,200 was paid and 462,000 Northway Warrants exercisable at a price of \$0.10 per Northway Share until August 28, 2021 were issued to Sprott Global Resource Investments Ltd.

#### **Financing**

In connection with the Transaction, Kenorland proposes to complete the Financing as described above at “*Information Concerning the Transaction – Financing*”.

The Resulting Issuer intends to use the proceeds from the financing to carry out its business objectives and for general and working capital requirements during the twelve-month period following the Closing Date. See Schedule D “*Information Concerning the Resulting Issuer - Available Funds and Principal Purpose*” and “*Information Concerning the Resulting Issuer – Stated Business Objectives*”.

## **Selected Consolidated Financial Information and Management's Discussion and Analysis**

### ***Selected Financial Information***

The following table sets forth selected financial information of Northway for its most recently completed quarter, being the three months ended June 30, 2020 and the two most recently completed financial years ended March 31, 2020 and March 31, 2019. Such information is derived from Northway's financial statements, which are attached hereto as Schedule "M" and "K" respectively and should be read in conjunction with such financial statements:

| <b>Selected Financial Information</b>                 | <b>For the three months ended June 30, 2020 (unaudited)</b> | <b>For the year ended March 31, 2020 (audited)</b> | <b>For the year ended March 31, 2019 (audited)</b> |
|-------------------------------------------------------|-------------------------------------------------------------|----------------------------------------------------|----------------------------------------------------|
| <b>Operations Data</b>                                |                                                             |                                                    |                                                    |
| Total Revenues                                        | Nil                                                         | Nil                                                | Nil                                                |
| Total Expenses                                        | \$105,049                                                   | \$369,612                                          | \$225,085                                          |
| Net Income (Loss)                                     | (\$104,776)                                                 | (\$369,282)                                        | (\$225,085)                                        |
| Net Income (Loss) per Share – Basic and Fully Diluted | (\$0.00)                                                    | (\$0.01)                                           | (\$0.04)                                           |
| Amounts deferred in connection with the Transaction   | Nil                                                         | Nil                                                | Nil                                                |

### ***Management's Discussion and Analysis***

Northway's MD&A for the year ended March 31, 2020 and for the three months ended June 30, 2020 are attached hereto as Schedules "L" and "N" respectively, and should be read in conjunction with Northway's audited financial statements for the years ended March 31, 2020 and March 31, 2019 and notes thereto and Northway's unaudited financial statements for the three months ended June 30, 2020, together with the notes thereto, attached as Schedules "K" and "M" respectively.

A pro forma consolidated statement of financial position for the Resulting Issuer giving effect to the Transaction and the closing of the Financing as at June 30, 2020 is attached to this Circular as Schedule "O".

### **Description of the Securities**

The authorized capital of Northway consists of an unlimited number of Northway Shares without par value. As at the date of this Circular, there are 41,386,000 Northway Shares issued and outstanding.

The following is a summary of the principal attributes of the Northway Shares:

**Voting Rights.** The holders of the Northway Shares are entitled to receive notice of, attend and vote at any meeting of the shareholders of Northway. The Northway Shares carry one vote per share. There are no cumulative voting rights, and directors do not stand for re-election at staggered intervals.

*Dividends.* The holders of Northway Shares are entitled to receive on a pro rata basis such dividends as may be declared by the board of directors, out of funds legally available therefor. There are no indentures or agreements limiting the payment of dividends.

*Profits.* Each Northway Share is entitled to share pro rata in any profits of Northway to the extent they are distributed either through the declaration of dividends or otherwise distributed to shareholders, or on a winding up or liquidation.

*Rights on Dissolution.* In the event of the liquidation, dissolution or winding up of Northway, the holders of the Northway Shares will be entitled to receive on a pro rata basis all of the assets of Northway remaining after payment of all Northway's liabilities.

*Pre-Emptive, Conversion and Other Rights.* No pre-emptive, redemption, sinking fund or conversion rights are attached to the Northway Shares, and the Northway Shares, when fully paid, will not be liable to further call or assessment. No other class of shares may be created without the approval of the holders of Northway Shares. There are no provisions discriminating against any existing or prospective holder of Northway Shares as a result of such shareholder owning a substantial number of Northway Shares.

Additionally, Northway has 13,756,020 Northway Warrants all exercisable at a price of \$0.10 per Northway Share and expiry dates ranging from August 22, 2021 to March 19, 2024.

### **Stock Option Plan**

The Northway Board may, in accordance with its Northway Option Plan, from time to time, in its discretion, and in accordance with the rules and regulations of the Exchange, grant to directors, officers, employees or consultants of Northway non-transferable- Northway Options to purchase Northway Shares.

The Northway Option Plan was approved by the Northway Board on May 13, 2019, and was last approved by Northway Shareholders on May 25, 2020. The purpose of the Northway Option Plan is to assist Northway in attracting, retaining and motivating directors, officers, employees and consultants of Northway and of its affiliates and to motivate them to advance the interests of Northway by affording them with the opportunity to acquire an equity interest in Northway through options granted under the Northway Option Plan to purchase Northway Shares.

The Northway Option Plan provides that, subject to the requirements of the Exchange, the aggregate number of securities reserved for issuance will be 10% of the number of Northway Shares issued and outstanding, from time to time.

The Northway Option Plan is administered by the Northway Board, which has full and final authority with respect to the granting of all options thereunder.

Northway Options may be granted under the Northway Option Plan as the Northway Board may from time to time designate. The exercise prices shall be determined by the Board but shall, in no event, be less than the "Discounted Market Price" as such term as defined in the Corporate Finance Manual of the Exchange. The Northway Option Plan provides that the number of all Northway Shares reserved for issuance will not exceed 10% of the issued and outstanding Northway Shares, from time to time. The maximum number of Northway Shares reserved for issuance to insiders, within a one-year period, may not exceed 10% of the Northway Shares issued and outstanding as at the date of grant of the stock option and to any individual director or officer, within a one-year period, may not exceed 5% of the Northway Shares issued and outstanding as at the date of grant of the stock option unless disinterested shareholder approval is obtained.

Northway Options may be exercised up to 90 days following cessation of the optionee's position with Northway, provided that if the cessation of office, directorship, or consulting arrangement was by reason of death, the option may be exercised within a maximum period of one year after such death, subject to the expiry date of such option. Northway Options will expire not later than the date which is ten years from the date of grant. Northway Options granted under the Northway Option Plan are not transferable or assignable other than by will or other testamentary

instrument or pursuant to the laws of succession. The Northway Board may, in its absolute discretion impose such limitations or conditions on the exercise or vesting of any options granted under the Northway Option Plan as it deems appropriate.

In the event of a “change in control event”, the Northway Option Plan gives the Northway Board the power to make such arrangements as it shall deem appropriate for the exercise of outstanding options or continuance of outstanding options, including to amend or modify the Northway Option Plan or any stock option agreement to permit the exercise of any or all of the remaining options prior to the completion of any such transaction.

For the purposes of the Northway Option Plan, a “change of control event” constitutes any of the following:

- (a) a person makes an offer to acquire Northway Shares that, regardless of whether the acquisition is completed, would make the person the beneficial owner of twenty percent (20%) or more of the outstanding Northway Shares (an “Acquiring Person”);
- (b) an Acquiring Person makes an offer, regardless of whether the acquisition is completed, to acquire Northway Shares;
- (c) Northway proposes to sell all or substantially all of its assets and undertaking;
- (d) Northway proposes to merge, amalgamate or be absorbed by or into any other corporation (save and except for a subsidiary) under any circumstances which involve or may involve or require the liquidation of Northway, a distribution of its assets among its shareholders, or the termination of the corporate existence of Northway;
- (e) Northway proposes an arrangement as a result of which a majority of the outstanding Northway Shares would be acquired by a third party; or
- (f) any other form of transaction is proposed which the majority of the Northway Board determines is reasonably likely to have similar effect any of the foregoing.

Northway currently has 1,750,000 Northway Options all exercisable at a price of \$0.10 per Northway Share and expiring on August 22, 2024. All of the outstanding Northway Options vest over an 18-month period commencing on August 22, 2019 with 25% of the Northway Options granted vesting on August 22, 2019 and every six months thereafter.

#### **Prior Sales**

During the 12 months prior to the date of this Circular, no securities of Northway have been issued.

#### **Stock Exchange Price**

The Northway Shares have been listed and posted for trading on the Exchange since August 22, 2019. The following table sets out the high and low trading of the Northway Shares for the periods indicated as reported by the Exchange:

| <b>Month</b>                                    | <b>High<br/>\$</b> | <b>Low<br/>\$</b> | <b>Close<br/>\$</b> | <b>Volume</b> |
|-------------------------------------------------|--------------------|-------------------|---------------------|---------------|
| Quarter ended September 30, 2019 <sup>(1)</sup> | \$0.135            | \$0.105           | \$0.13              | 1,349,532     |
| Quarter ended December 31, 2019                 | \$0.115            | \$0.065           | \$0.08              | 1,779,846     |
| Quarter ended March 31, 2020                    | \$0.10             | \$0.045           | \$0.065             | 1,539,000     |
| Quarter ended June 30, 2020                     | \$0.10             | \$0.07            | \$0.085             | 700,000       |



| Month                            | High<br>\$     | Low<br>\$ | Close<br>\$ | Volume  |
|----------------------------------|----------------|-----------|-------------|---------|
| Quarter ended September 30, 2020 | \$0.17         | \$0.08    | \$0.14      | 633,000 |
| Month ended October 31, 2020     | Halted trading |           |             |         |

Notes:

- (1) The Northway Shares were listed on the Exchange on August 22, 2019 with trading commencing on.
- (2) The Northway Shares were halted on July 24, 2020 pending the announcement of Transaction. The last trade of the Northway Shares prior to the trade halt was on July 24, 2020 at a price of \$0.14 per Northway Share.

**Executive Compensation**

In this section “Named Executive Officer” (an “NEO”) means the CEO or an officer acting in a similar capacity, the CFO and each of the three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed financial year, and whose total compensation was more than \$150,000 as well as any additional individuals for whom disclosure would have been provided except that the individual was not serving as an executive officer of Northway at the end of the most recently completed financial year.

During the financial year ended March 31, 2020, Northway had two NEOs being Zachary Flood, President and Chief Executive Officer and Enoch Kong, Chief Financial Officer and Corporate Secretary.

***Director and Named Executive Officer Compensation***

The following table (presented in accordance with National Instrument Form 51-102F6V, is a summary compensation (excluding compensation securities) paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, to the directors and NEOs for each of Northway’s two most recently completed financial years.

| Table of compensation excluding compensation securities                    |                   |                                                     |            |                                |                           |                                      |                         |
|----------------------------------------------------------------------------|-------------------|-----------------------------------------------------|------------|--------------------------------|---------------------------|--------------------------------------|-------------------------|
| Name and position <sup>(3)</sup>                                           | Year end March 31 | Salary, consulting fee, retainer or commission (\$) | Bonus (\$) | Committee or meeting fees (\$) | Value of perquisites (\$) | Value of all other compensation (\$) | Total compensation (\$) |
| Zachary Flood, Director and Chief Executive Officer                        | 2020              | 45,833                                              | Nil        | Nil                            | Nil                       | Nil                                  | 45,833                  |
|                                                                            | 2019              | Nil                                                 | Nil        | Nil                            | Nil                       | Nil                                  | Nil                     |
| Jamie Levy, Director                                                       | 2020              | Nil                                                 | Nil        | Nil                            | Nil                       | Nil                                  | Nil                     |
|                                                                            | 2019              | Nil                                                 | Nil        | Nil                            | Nil                       | Nil                                  | Nil                     |
| Rick Trotman, Director                                                     | 2020              | Nil                                                 | Nil        | Nil                            | Nil                       | Nil                                  | Nil                     |
|                                                                            | 2019              | Nil                                                 | Nil        | Nil                            | Nil                       | Nil                                  | Nil                     |
| Jay Sujir, Director <sup>(1)</sup>                                         | 2020              | Nil                                                 | Nil        | Nil                            | Nil                       | Nil                                  | Nil                     |
| Jessica Van Den Akker, Director <sup>(1)</sup>                             | 2020              | Nil                                                 | Nil        | Nil                            | Nil                       | Nil                                  | Nil                     |
| Enoch Kong, Chief Financial Officer and Corporate Secretary <sup>(1)</sup> | 2020              | 11,000                                              | Nil        | Nil                            | Nil                       | Nil                                  | 11,000                  |

| <b>Table of compensation excluding compensation securities</b> |                          |                                                            |                   |                                       |                                  |                                             |                                |
|----------------------------------------------------------------|--------------------------|------------------------------------------------------------|-------------------|---------------------------------------|----------------------------------|---------------------------------------------|--------------------------------|
| <b>Name and position <sup>(3)</sup></b>                        | <b>Year end March 31</b> | <b>Salary, consulting fee, retainer or commission (\$)</b> | <b>Bonus (\$)</b> | <b>Committee or meeting fees (\$)</b> | <b>Value of perquisites (\$)</b> | <b>Value of all other compensation (\$)</b> | <b>Total compensation (\$)</b> |
| Thomas Hawkins, VP Exploration <sup>(2)</sup>                  | 2020                     | 12,500                                                     | Nil               | Nil                                   | Nil                              | Nil                                         | 12,500                         |
| Luke Van Der Meer, former VP Exploration <sup>(2)</sup>        | 2020                     | 30,192                                                     | Nil               | Nil                                   | Nil                              | 4,312                                       | 34,504                         |

**Notes:**

(1) Jay Sujir and Jessica Van Den Akker were appointed as directors of the Company and Mr. Enoch Kong was appointed as Chief Financial Officer and Corporate Secretary of the Company on April 9, 2019.

(2) Thomas Hawkins was appointed as the Vice President of Exploration for the Company on January 16, 2020. Luke Van Der Meer was appointed as VP Exploration of the Company on May 22, 2019 and ceased to hold office on November 13, 2019.

On May 1, 2019, Northway entered into a consulting agreement with Mr. Flood pursuant to which Mr. Flood receives, in his capacity as CEO of Northway, annual compensation of \$50,000 payable in monthly installments of \$4,166.67 on the first of each month. Effective September 1, 2019, Northway replaced and superseded the consulting agreement with an employment agreement on the same terms.

On May 1, 2019, Northway entered into a consulting agreement with a private company controlled by Enoch Kong to provide, on an independent contractor basis, accounting, financial management and corporate secretarial services to the Company, at an annual base fee of \$12,000 (\$1,000 per month) to be reviewed annually. In conjunction with the agreement, Enoch Kong acts as the CFO and Corporate Secretary of Northway.

On January 16, 2020, Northway entered into an employment agreement with Thomas Hawkins, Northway's Vice President of Exploration, pursuant to which Mr. Hawkins receives annual compensation of \$50,000 per annum.

**External Management Companies.**

Except as described below, none of the NEOs or directors of Northway have been retained or employed by an external management company which has entered into an understanding, arrangement or agreement with Northway to provide executive management services to Northway, directly or indirectly.

As noted above, Mr. Enoch Kong provides his services as the CFO and Corporate Secretary of Northway through a private entity as described above.

**Stock Options and Other Compensation Securities**

No compensation securities were granted or issued to any NEO or director by Northway or its subsidiaries in the years ended March 31, 2020, for services provided or to be provided, directly or indirectly to Northway or any of its subsidiaries.

No compensation securities were held by the NEOs and directors as at the year ended March 31, 2019.

The following table discloses all compensation securities granted or issued to each NEO or director by Northway or its subsidiaries during the financial year ended March 31, 2020, for services provided, directly or indirectly Northway or any of its subsidiaries:

| Compensation Securities                    |                               |                                                                                             |                        |                                          |                                                                                       |                                                                                                   |                 |
|--------------------------------------------|-------------------------------|---------------------------------------------------------------------------------------------|------------------------|------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|-----------------|
| Name and position                          | Type of compensation security | Number of compensation securities, number of underlying securities, and percentage of class | Date of Issue or grant | Issue, conversion or exercise price (\$) | Closing price of security or underlying security on date of grant (\$) <sup>(1)</sup> | Closing price of security or underlying security at year ended March 31, 2020 (\$) <sup>(2)</sup> | Expiry date     |
| Zachary Flood, President, CEO and Director | Options                       | 600,000/30.00%                                                                              | August 22, 2019        | \$0.10                                   | \$0.10                                                                                | \$0.065                                                                                           | August 22, 2024 |
| Jamie Levy, Director                       | Options                       | 175,000/8.75%                                                                               | August 22, 2019        | \$0.10                                   | \$0.10                                                                                | \$0.065                                                                                           | August 22, 2024 |
| Rick Trotman, Director                     | Options                       | 175,000/8.75%                                                                               | August 22, 2019        | \$0.10                                   | \$0.10                                                                                | \$0.065                                                                                           | August 22, 2024 |
| Jay Sujir, Director                        | Options                       | 175,000/8.75%                                                                               | August 22, 2019        | \$0.10                                   | \$0.10                                                                                | \$0.065                                                                                           | August 22, 2024 |
| Jessica Van Den Akker, Director            | Options                       | 175,000/8.75%                                                                               | August 22, 2019        | \$0.10                                   | \$0.10                                                                                | \$0.065                                                                                           | August 22, 2024 |
| Enoch Kong, CFO and Corporate Secretary    | Options                       | 150,000/7.50%                                                                               | August 22, 2019        | \$0.10                                   | \$0.10                                                                                | \$0.065                                                                                           | August 22, 2024 |

**Notes:**

- (1) Based upon the offering price of the Northway Shares pursuant to its initial public offering.  
(2) On March 31, 2020, the closing price of the Northway Shares on the Exchange was \$0.065.

The following table discloses the total amount of compensation securities to be held by the NEOs and directors at the financial year ended March 31, 2020.

| Name and Position                          | Number and type of Compensation Securities |
|--------------------------------------------|--------------------------------------------|
| Zachary Flood, President, CEO and Director | 600,000 Options                            |
| Jamie Levy, Director                       | 175,000 Options                            |
| Rick Trotman, Director                     | 175,000 Options                            |
| Jay Sujir, Director                        | 175,000 Options                            |



| <b>Name and Position</b>                | <b>Number and type of Compensation Securities</b> |
|-----------------------------------------|---------------------------------------------------|
| Jessica Van Den Akker, Director         | 175,000 Options                                   |
| Enoch Kong, CFO and Corporate Secretary | 150,000 Options                                   |

No compensation securities were re-priced, cancelled and replaced, had their term extended, or otherwise materially modified in Northway's financial year ended March 31, 2019 or March 31, 2020.

There are no restrictions or conditions for converting, exercising or exchanging the compensation securities, provided that the Northway Board determined that the stock options granted above vest over an 18-month period such that 25% of the options granted vested on grant and every six months thereafter.

No compensation securities were exercised by NEOs and directors during the financial year ended March 31, 2019 or March 31, 2020.

#### ***Stock option plans and other incentive plans***

The only incentive plan maintained by Northway is the Northway Option Plan, the material terms of which are described above at "*Stock Option Plan*".

The Northway Option Plan was last approved by the Northway Shareholders at Northway's annual general meeting held on May 25, 2020 and requires annual approval pursuant to the policies of the Exchange.

#### ***Employment, consulting and management agreements***

Northway does not have any contracts, agreements, plans or arrangements that provides for payments to a director or NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of Northway or a change in an NEO's responsibilities.

#### ***Oversight and Description of Director and Named Executive Officer Compensation***

The objective of Northway's compensation program is to compensate the executive officers for their services to Northway at a level that is both in line with Northway's fiscal resources and competitive with companies at a similar stage of development.

Northway compensates its executive officers based on their skill, qualifications, experience level, level of responsibility involved in their position, the existing stage of development of Northway, Northway's resources, industry practice and regulatory guidelines regarding executive compensation levels.

The Northway Board has implemented three levels of compensation to align the interests of the executive officers with those of the Northway Shareholders. First, executive officers may be paid a monthly consulting fee or salary. Second, the Northway Board may award executive officers long term incentives in the form of stock options. Finally, the Northway Board may award cash or share bonuses for exceptional performance that results in a significant increase in shareholder value. Northway does not provide pension or other benefits to the executive officers. Northway does not have pre-existing performance criteria or objectives. All significant elements of compensation awarded to, earned by, paid or payable to NEOs are determined by Northway on a subjective basis. Northway has not used any peer group to determine compensation for its directors and NEO.

The Northway Board has the responsibility to administer compensation policies related to executive management of Northway, including option-based awards. The Northway Board has approved the Northway Option Plan pursuant to which the Northway Board has granted stock options to executive officers. The Northway Option Plan provides compensation to participants and an additional incentive to work toward long-term company performance. The

Northway Option Plan has been and will be used to provide share purchase options which are granted in consideration of the level of responsibility of the executive as well as his or her impact and/or contribution to the longer-term operating performance of Northway. In determining the number of options to be granted to the executive officers, the Northway Board takes into account the number of options, if any, previously granted to each executive officer and the exercise price of any outstanding options to ensure that such grants are in accordance with the policies of the Exchange, and closely align the interests of the executive officers with the interests of shareholders.

Compensation for the most recently completed financial year should not be considered an indicator of expected compensation levels in future periods. All compensation is subject to and dependent on Northway's financial resources and prospects.

Given the evolving nature of Northway's business, the Northway Board continues to review and redesign the overall compensation plan for senior management so as to continue to address the objectives identified above.

There were no actions, decisions or policies made since March 31, 2020 that would affect a reader's understanding of NEO compensation.

### ***Pension Disclosure***

Northway does not have any pension or retirement plan which is applicable to the NEOs or directors. Northway has not provided compensation, monetary or otherwise, to any person who now or previously has acted as an NEO of Northway, in connection with or related to the retirement, termination or resignation of such person, and Northway has provided no compensation to any such person as a result of a change of control of Northway.

### ***Securities Authorized for Issuance under Equity Compensation Plans***

The Northway Option Plan is Northway's only equity compensation plan. The following table sets forth information with respect to the options outstanding under the Stock Option Plan as at the financial year ended March 31, 2020.

| <b>Plan Category</b>                                      | <b>Number of Common Shares to be Issued Upon Exercise of Outstanding Options</b> | <b>Weighted-Average Exercise Price of Outstanding Options</b> | <b>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding Securities Reflected in Column (a))</b> |
|-----------------------------------------------------------|----------------------------------------------------------------------------------|---------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|
| Equity compensation plans approved by securityholders     | Nil                                                                              | N/A                                                           | 802,030                                                                                                                                            |
| Equity compensation plans not approved by securityholders | 1,750,000                                                                        | \$0.10                                                        | 2,388,600                                                                                                                                          |
| <b>Total</b>                                              | <b>1,750,000</b>                                                                 | <b>\$0.10</b>                                                 | <b>2,388,600</b>                                                                                                                                   |

### ***Management Contracts***

There are no management functions of Northway, which are to any substantial degree performed by a person or company other than the directors or senior officers of Northway.

### **Non-Arm's Length Transactions**

Except as described below, or in relation to executive compensation as described above at “*Executive Compensation*” or in relation to the issuance of securities for cash or settlement of loans advanced, no assets, provision of assets or services have been acquired or are to be acquired from any director, officer, principal shareholder of Northway or any of its Associates or Affiliates in 24 months prior to the date of this Circular.

On July 31, 2018, Northway entered into a services agreement with Kenorland for the purposes of engaging Kenorland to complete all activities necessary in order for Northway, indirectly through Northway Resources Alaska Corporation, to meet its obligations pursuant to the Option Agreement. As consideration for the provision of the services by Kenorland, Northway paid a fixed daily rate of \$700 per day. The fees were payable by Northway either in cash or through the issuance of units, each unit comprising a Northway Share and one Northway Warrant at a deemed price of \$0.05 per unit. In addition to the fixed daily rates, Northway agreed to pay to Kenorland a monthly fee equal to 10% of all exploration expenditures incurred in connection with the Healy Project.

On January 25, 2019, Northway issued 2,000,000 units at an aggregate value of \$100,000 to Kenorland to settle \$100,000 in accounts payable pursuant to the terms of services agreement in relation to services rendered by Kenorland to Northway in August and September of 2018 in relation to the initial work program completed by Northway on the Healy Project, including historical data analysis, field program planning and field work, plus the 10% management fee pertaining to expenses on the Healy Project, and for services from August 2018 to January 2019 in compiling data and information for a technical report prepared in respect of the Healy Project. \$5,047.59 was in cash in relation to such services, such that an aggregate value of \$105,999.37 in services was charged by Kenorland. The services agreement was since terminated by mutual agreement of Northway and Kenorland following the completion of Northway's initial public offering.

In addition to the above, the Transaction is a Non-Arm's Length Transaction. See “*The Transaction – Multilateral Instrument 61-101*” above.

### **Legal Proceedings**

There are no legal proceedings to which Northway is a party, or of which any of its property is the subject matter, and no such proceedings are known to Northway to be contemplated.

### **Auditor, Transfer Agent and Registrar**

The auditor of Northway is Davidson & Company LLP, Chartered Accountants, Suite 1200-609 Granville Street, Vancouver British Columbia, V7Y 1G6.

The registrar and transfer agent of the Northway Shares is Computershare Investor Services Inc., 2nd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9.

### **Material Contracts**

The following are the material contracts of Northway that are outstanding as of the date of this Circular:

- (a) Option Agreement dated July 31, 2018, as amended May 10, 2019 between Northway and Newmont. See “*Three Year History – Healy Project*” for further particulars; and
- (b) Amalgamation Agreement dated September 14, 2020 between Northway and Kenorland. See “*Information Concerning the Transaction*” for further particulars.

All of the contracts specified above are filed on SEDAR at [www.sedar.com](http://www.sedar.com) and may be inspected without charge at Northway's registered and records office at Suite 2080-777 Hornby Street, Vancouver, British Columbia, V6Z 1S4 during normal business hours until the Closing Date and for a period of 30 days thereafter.

## **SCHEDULE “E”**

### **INFORMATION CONCERNING KENORLAND**

***The following information has been provided by Kenorland and reflects the current business, financial and share capital position of Kenorland. See “Information Concerning the Resulting Issuer” for pro forma business, financial and share capital information following the Completion Date. All capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the Circular to which this Schedule “E” is attached.***

The following information should be read in conjunction with the information concerning Kenorland appearing elsewhere in the Circular to which this Schedule “E” is attached.

The following information contained in this Schedule “E” is presented on a pre-Transaction basis and is reflective of current business, financial and share capital position of Kenorland, without giving effect to any components of the Transaction. See “*Information Concerning Northway*” attached as Schedule “D” to the accompanying Circular and “*Information Concerning the Resulting Issuer*” attached as Schedule “F” to the accompanying Circular for business, financial and share capital information related to Northway and the Resulting Issuer, respectively.

In this Schedule, unless there is something in the subject matter or context inconsistent therewith, capitalized terms have the meanings ascribed to those terms in the accompanying Circular. All references to \$ in this Schedule are references in Canadian dollars.

#### **Corporate Structure**

Kenorland was incorporated on July 13, 2016 under the BCBCA under the name “Kenorland Minerals Ltd.”. Kenorland’s registered office is located at 1700-1055 West Hastings Street, Vancouver, British Columbia, V6E 2E9. Kenorland’s head office is located at 310 – 119 West Pender Street, Vancouver, British Columbia, V6B 1S5.

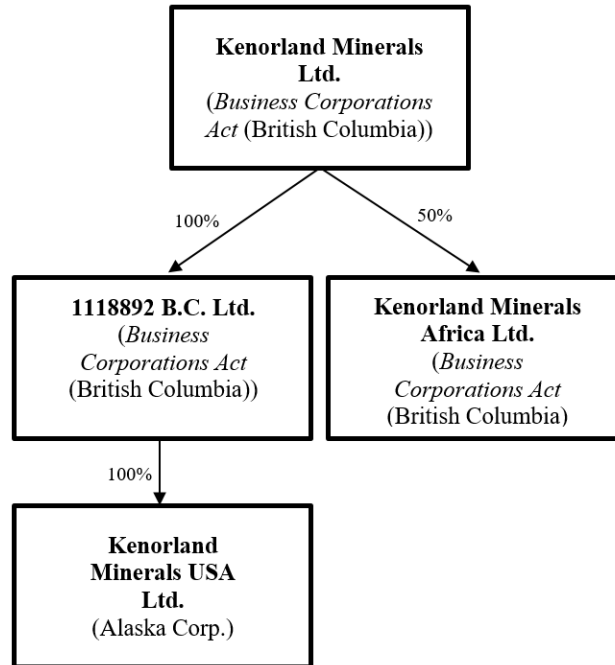
#### **Intercorporate Relationships**

Kenorland has three subsidiaries, 1118892 B.C. Ltd., Kenorland Minerals USA, Inc. and Kenorland Minerals Africa Ltd. Kenorland is the registered and beneficial owner of all of the issued and outstanding shares of 1118892 B.C. Ltd. and is the registered and beneficial owner of 5,000,000 common shares in the capital Kenorland Minerals Africa Ltd. (representing a 50% interest in the share capital of Kenorland Minerals Africa Ltd.). 1118892 B.C. Ltd. is the registered and beneficial owner of all of the issued and outstanding shares of Kenorland Minerals USA Inc. Kenorland has no other subsidiaries and does not hold any shares or securities of any other entity and is not affiliated with, nor is it a holding corporation of, any other body corporate.

1118892 B.C. Ltd. was incorporated on May 15, 2017 under the BCBCA under the name “1118892 B.C. Ltd.”. 1118892 B.C. Ltd.’s registered office is located at 1700-1055 West Hastings Street, Vancouver, British Columbia, V6E 2E9. 1118892 B.C. Ltd.’s head office is located at 310 – 119 West Pender Street Vancouver, British Columbia, V6B 1S5.

Kenorland Minerals USA, Inc. was incorporated on June 2, 2017 under the laws of the State of Alaska under the name “Kenorland Minerals USA, Inc.”. Kenorland Minerals USA Inc.’s registered office is located at 1031 W. 4th Ave., Suite 600, Anchorage, Alaska, 99501. Kenorland Minerals USA Inc.’s head office is located at 310 – 119 West Pender Street Vancouver, British Columbia, V6B 1S5.

Kenorland Minerals Africa Ltd. was incorporated on June 29, 2020 under the BCBCA under the name “Kenorland Minerals Africa Ltd.”. Kenorland Minerals Africa Ltd.’s registered office is located at 1700-1055 West Hastings Street, Vancouver, British Columbia, V6E 2E9. Kenorland Minerals Africa Ltd.’s head office is located at 310 – 119 West Pender Street Vancouver, British Columbia, V6B 1S5.



### General Development of the Business

Kenorland is a mineral exploration company engaged in the acquisition, exploration and development of mineral properties located in Canada. Kenorland's business model focuses around acquiring a portfolio of large-scale exploration projects in the most well-endowed and prospective terranes in North America, including in Quebec, Alaska, British Columbia and Manitoba.

### History

#### Mineral Properties

Following its incorporation in July 2016, Kenorland's management team began a systematic review of proven and emerging mineral exploration districts through lithospheric scale controls on mineral systems combined with the quantifiable identification of areas with low exploration maturity. Its objective was to identify prospective target areas with significant discovery potential. Over the last four years Kenorland has amassed a portfolio of large-scale exploration projects in the most well-endowed and prospective terranes in North America including Quebec (Au), Alaska (Au, Cu), British Columbia (Au), Manitoba (Ni), and has partnered with some of the mining industry's leading companies, including Sumitomo Metal Mining Canada Limited ("SMMCL"), Freeport-McMoRan Mineral Properties Inc. ("Freeport"), and Newmont Corporation.

In March 2017 Kenorland acquired the Frotet Project by map staking. The Frotet Project and was optioned to SMMCL in April 2018. In 2018, Kenorland completed a property-wide B-horizon soil sampling program (till substrate) over 55,921 hectares on an approximate 1500m x 150m grid for a total of 2308 samples. In winter of 2018-2019 a high-resolution helicopter-borne aeromagnetic survey was flown over areas of gold-in-soil anomalism. In 2019, a property-wide LIDAR survey was flown to give context to surficial geology conditions and structural geology. In 2019, infill soil sampling, till sampling, geologic mapping and boulder prospecting were conducted in anomalous areas. This work defined the Regnault target area, which was selected for a maiden diamond drilling program in the winter of 2020. Prior to diamond drilling Kenorland conducted further geophysical testing including a very high-resolution drone-based aeromagnetic survey and a 3D induced polarisation survey to aide in the delineation of diamond drill targets. The Frotet Project has emerged as Kenorland's leading mineral project as a result of the Regnault discovery. See "Mineral Properties – Frotet Project" below for further details.

In February 2017 Kenorland acquired the Tanacross Project by staking. In June 2017 Kenorland acquired additional claims to expand the project area. In 2017 Kenorland conducted a property-wide, ridge and spur soil sampling program. In April 2018 the Tanacross Project was optioned to Freeport, as formalized pursuant to an exploration and earn-in agreement dated August 1, 2018 which granted Freeport the sole and exclusive option to acquire an 80% interest in the Tanacross Project, who funded additional ridge and spur soil sampling in prospective areas as a follow up to the 2017 program. In 2019, a property-wide helicopter borne ZTEM / aeromagnetic survey was flown in order to identify geophysical expressions of buried porphyry bodies. In 2019 a 9057m diamond drill program was completed targeting known porphyry mineralization and geochemical anomalism. Additional drill testing of buried geophysical targets is warranted as follow-up to the 2019 ZTEM survey. The area encompassed by the Tanacross Project remains largely untested. Kenorland has identified geophysical targets undercover, and has confirmed historic prospects through modern geochemical surveys, developing high quality targets for further investigation. On June 1, 2020, Kenorland and Freeport entered into an amendment agreement pursuant to which the option was terminated and Freeport was granted a 1% net smelter return royalty on the Tanacross Project. See “*Mineral Properties – Tanacross Project*” below for further details.

Following the acquisition of its cornerstone assets, Kenorland has continued to pursue prospective mineral projects. See “*Mineral Properties*” below.

### *Capitalization*

In September 2016 Kenorland completed its initial seed financing with the issuance of 3,000,000 Kenorland Shares at a price of \$0.01 and 5,000,000 Kenorland Shares at a price of \$0.10 for aggregate gross proceeds of \$530,000.

In May 2017 Kenorland completed a financing with the issuance of 4,000,000 Kenorland Shares at a price of \$0.25 for gross proceeds of \$1,000,000.

In May 2019 and March 2020 Kenorland completed additional financings of an aggregate of 3,109,000 Kenorland Shares at a price of \$0.50 for aggregate gross proceeds of \$1,554,500.

### *Northway*

Following the incorporation of Northway in May 2018, Kenorland entered into a services agreement with Northway to provide technical services to Northway in connection with its Healy Project. The services agreement was terminated by mutual agreement of Northway and Kenorland following the completion of Northway’s initial public offering on August 22, 2019. Kenorland continues to be an Insider of Northway.

On July 28, 2020, Kenorland and Northway entered into the Letter Agreement in connection with the Transaction. Under the terms of the Letter Agreement, Northway Shares were to be consolidated on a 1 for 10 basis and Kenorland shareholders will receive 1 Northway consolidated share for each share of Kenorland held through a planned share exchange.

On September 14, 2020, Kenorland entered into the Amalgamation Agreement with Northway. See “*Information Concerning the Transaction – The Amalgamation Agreement*” for further details.

## **Mineral Properties**

### ***Frotet Project***

The Frotet Project is Kenorland’s principal mineral property. The information in this section about the Frotet Project is derived from, and in some cases is an extract from, the Frotet Technical Report. Reference is made to the full text of the Frotet Technical Report which may be accessed under Northway’s SEDAR profile at [www.sedar.com](http://www.sedar.com).

Kenorland currently holds a 35% interest in the Frotet Project. Kenorland has granted an option to SMMCL to acquire up to an 80% interest in the Frotet Project pursuant to an earn-in option agreement between Kenorland and SMMCL dated April 17, 2018 (the “**Frotet Option Agreement**”). As of the date of this Circular, SMMCL has



earned a 65% interest in the Frotet Project, as a result of expending \$4,300,000 on the Frotet Project on or before August 4, 2020, and has committed to completing its additional expenditure obligations to earn the remaining 15% interest it is entitled to exercise on or before October 1, 2021.

### 1. Property Description and Location

The Frotet Property is located in the Frotet-Troilus sector of the Archean Frotet-Evans greenstone belt within the Opataga geological sub-province, and is approximately 120km north of Chibougamau, Québec. Much of the property may be accessed by logging roads, and the gravel access road to the Troilus Mine site which is located approximately 5km to the north of the current property. These roads are accessed via the Route de Nord, which connects the project area with the town of Chibougamau. The remaining sections of the property may be accessed via boat utilizing the large Frotet and Troilus Lakes, or via helicopter which is required to reach the northeastern portion of the land package.

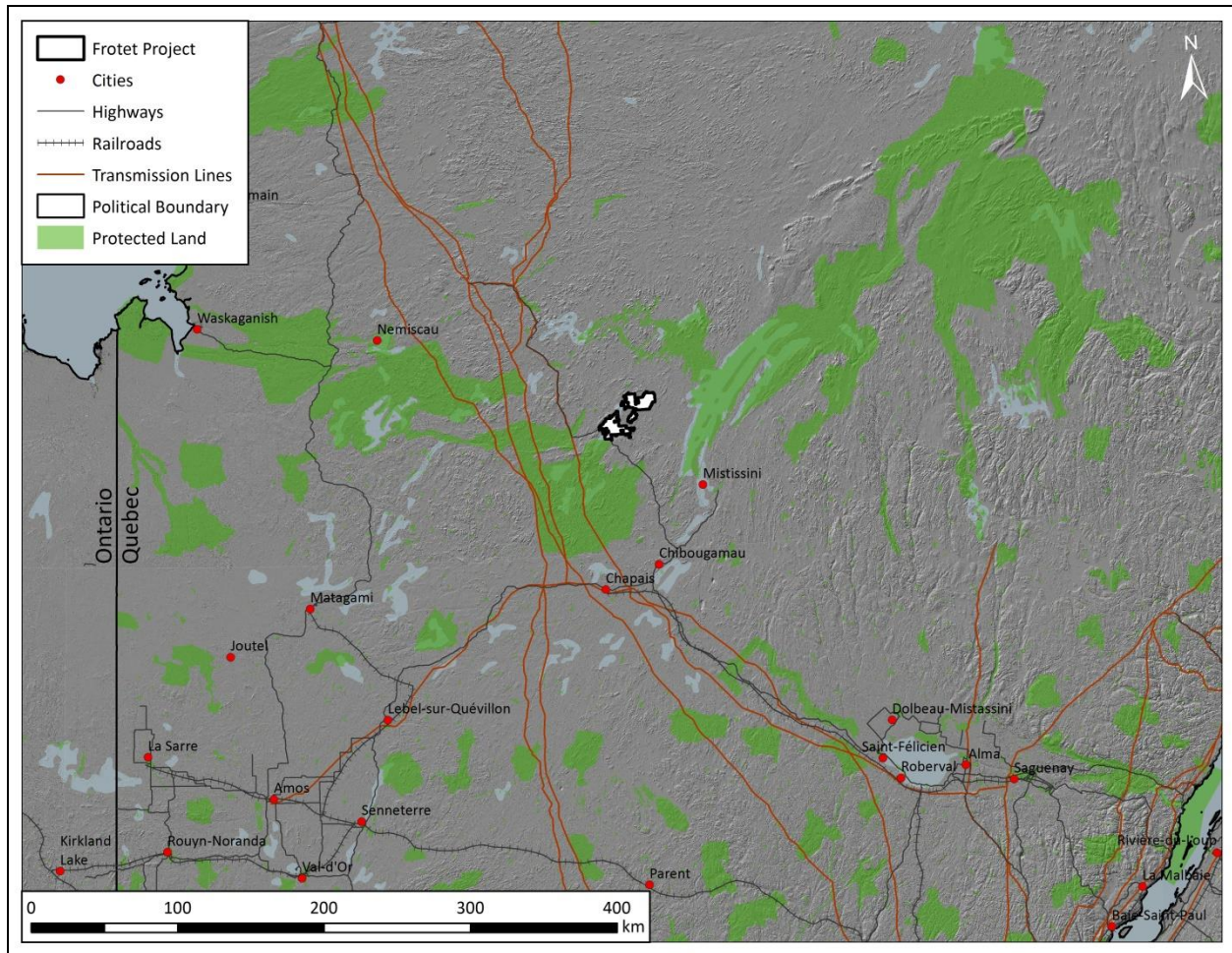


Figure 1: Location of the Frotet Property, Québec.

The Frotet Property is centered at latitude 50.887283° and longitude -74.577440°, and is within NTS map sheets 32J09, 32J10, 32J15, and 32J16. The total Frotet Property is composed of 724 mining titles and covers an area of land totaling 39,365 hectares. Within the total land package 700 mining titles covering 38,056 hectares are included within the Frotet Option Agreement. Additionally, within the Frotet Option Agreement are 8 mining titles which carry a 2% Net Smelter Return Royalty (“NSR”), of which 1% may be bought back for \$1,000,000 at any time from the previous mining title holder David Thomas. There are no underlying royalties on the remainder of the mining titles held by Kenorland within the Frotet Project. Under the purchase agreement with O3 Mining Inc. (“O3



**Mining**”) are 24 mining titles covering 1,309 hectares. A map showing the mining titles which comprise the Frotet Project are illustrated below.

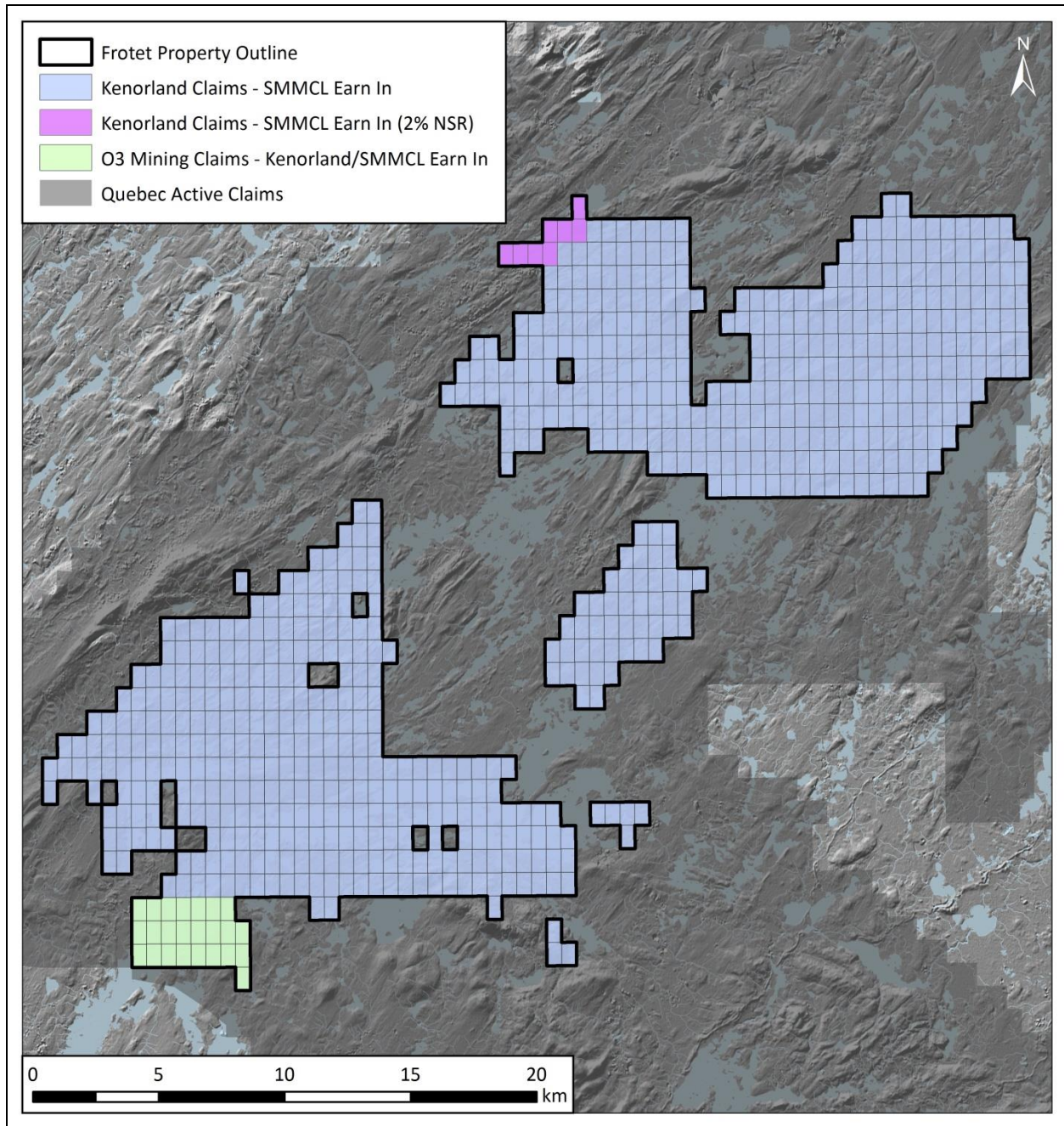


*Figure 2: Mining title map of the Frotet Property.*

In April 2018 SMMCL entered into the Frotet Option Agreement pursuant to which SMMCL may acquire 80% interest in the Frotet Project by spending a minimum aggregate work expenditure of \$8,300,000. A summary of the minimum and aggregate work expenditures (including claim renewal and management fees) required during the Phase 1 and Phase 2 of the Frotet Option Agreement is presented in Table 1.



*Table 1: Frotet Option Agreement work expenditure summary.*

| <b>Period</b>                           | <b>Minimum Work Expenditure</b> | <b>Aggregate Minimum Work Expenditure</b> | <b>Earn In Ownership</b>   |
|-----------------------------------------|---------------------------------|-------------------------------------------|----------------------------|
| Phase 1 Period completed August 4, 2020 | \$4,300,000                     | \$4,300,000                               | SMM (65%), Kenorland (35%) |
| Phase 2 Period ending August 4, 2021    | \$4,000,000                     | \$8,300,000                               | SMM (80%), Kenorland (20%) |

Between April 2018 and August 4, 2020, SMMCL has provided funding for the completion of \$4,300,000 of work expenditures. On October 1, 2020 SMMCL accepted its 65% participating interest in the Frotet Property and elected to contribute an additional \$4,000,000 to exploration expenditures within one year with the intention of vesting additional 15% Participating Interest in the Frotet Property.

Upon completion of the Phase 2 earn-in, Kenorland and SMMCL will enter into a joint venture agreement wherein both parties shall contribute or expend in cash towards exploration expenditures pro-rata to its then participating interest in the Frotet Project. If the participating interest of either Kenorland or SMMCL is diluted to 10% or less by reason of failure to complete funding contribution requirements, that participating interest will automatically be converted to a 2% NSR in the Frotet Project.

In April 2020 Kenorland entered into a purchase agreement with O3 Mining, in which Kenorland may purchase a 100% interest in the Block 32J10 claims (mining titles shown in Figure 2) by making aggregate payments of \$900,000 to O3 Mining by April 24, 2023. A summary of the staged payments is presented in Table 2.

*Table 2: Purchase agreement summary for O3 Mining titles.*

| <b>Period</b>                                      | <b>Scheduled Payment</b> | <b>Aggregate Payment</b> |
|----------------------------------------------------|--------------------------|--------------------------|
| Upon signing of agreement completed April 24, 2020 | \$100,000                | \$100,000                |
| First Year Anniversary ending April 24, 2021       | \$150,000                | \$250,000                |
| Second Year Anniversary ending April 24, 2022      | \$250,00                 | \$500,000                |
| Third Year Anniversary ending April 24, 2023       | \$400,000                | \$900,000                |

Kenorland completed the first payment of \$100,000 to O3 Mining upon the signing of the agreement on April 24, 2020. As part of the purchase agreement, Kenorland will be responsible for maintaining the claims in good standing, by completing require work expenditures and submitting assessment credits. Once the purchase agreement has been completed, the Block 32J10 claims will be incorporated into the Frotet Option Agreement. The purchase agreement is in good standing.

## **2. Accessibility, Climate, Local Resources, Infrastructure and Physiography**

Within the Frotet Property area there is a network of logging roads, many of which have become overgrown with vegetation and would need to be cleared to be passable by a four-wheel-drive vehicle. There is also a large network of lakes that allow for boat access. The northeastern portion of the Frotet Property is comparatively more remote and is accessible only by helicopter.

A permanent camp at the Troilus Mine, which is located just outside the northern property boundary, has provided boarding, food, fuel, telecommunications and medical services during the 2018-2019 exploration programs. Two other seasonal camps are located in the immediate proximity of the property; the Square-Tail Lodge, a fishing outfitters camp has provided accommodation, food and telecommunications during the 2018-2019 field seasons, and the Chatillon Logging Camp which has been utilized for accommodation, food and telecommunications during 2018-2019 field seasons, and during the 2020 summer drill program. Leading up to the 2020 summer drill program, Kenorland completed permitting for a 20 person camp and commissioned the construction of a core shack (for core logging and core splitting capabilities), core racks, and a lay down area which was completed early June 2020. The site utilized an existing logging road, and is located south of Lac Frotet, east of Regnault Bay.

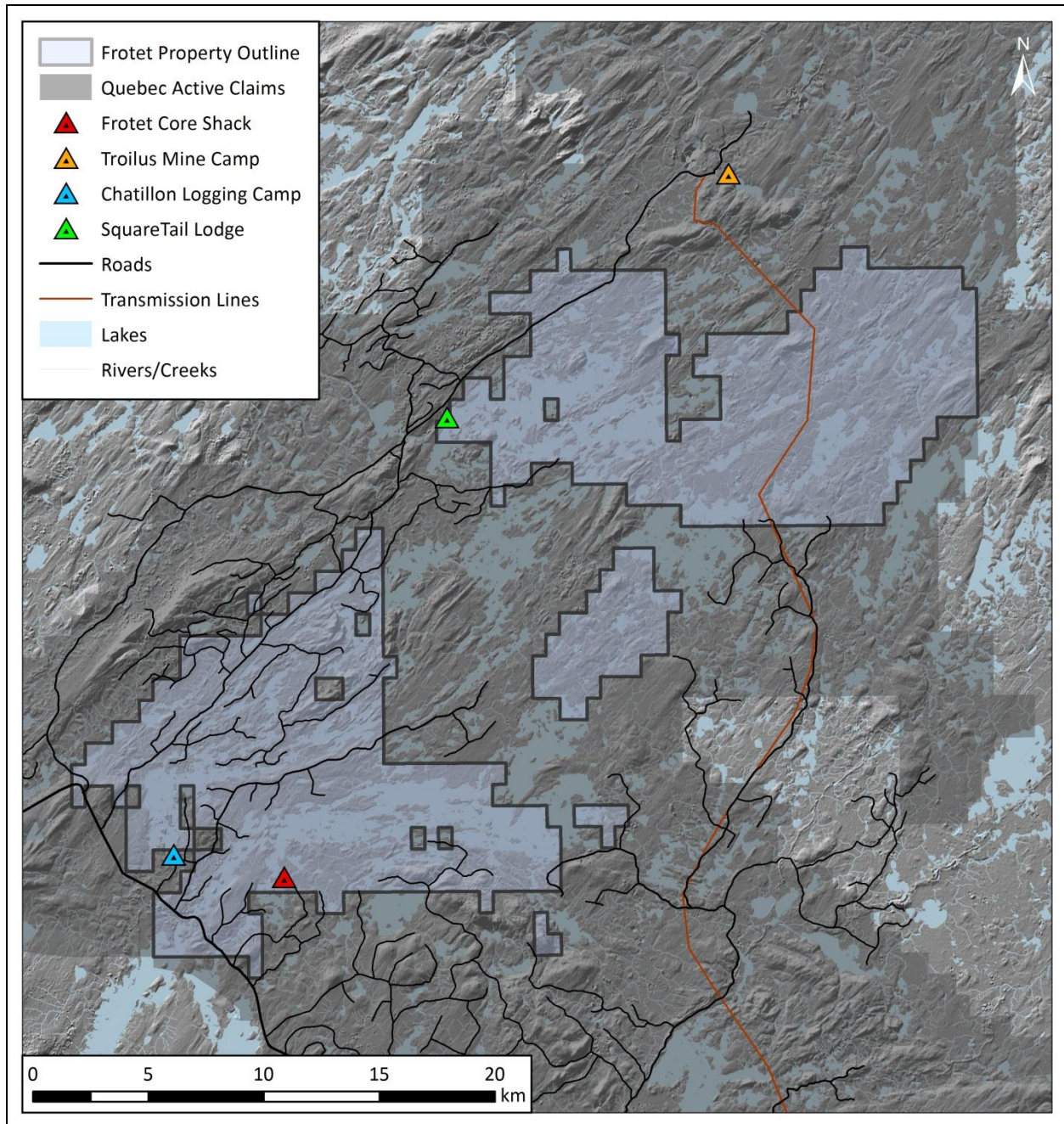


Figure 3: Land access and camp locations in the vicinity of the Frotet land package.

Chibougamau is the closest moderate-sized town with a population over 7,541. Forestry and mining are the main economic drivers for the area. All the primary amenities needed for exploration work can be found in Chibougamau such as a hospital, accommodation, groceries and a small airport for chartered flights. Other primary services are also available in Amos, which is approximately 350km southwest of Chibougamau.

The region is characterized by a humid continental climate. Average temperatures range from 22° C in the summer to -13° C during winter months. Heavy precipitation is possible throughout the year with the highest average of precipitation days occurring from May through to October. Ground reconnaissance exploration work is most effective in the summer months after snow and ice have melted.

Topography at the Frotet Property is characterized by rolling plains at approximately 400m above sea level, typical of the Canadian Shield. The landscape includes many lobate lakes, swamps and rivers. The hydrographic system is dominated by Lac Frotet, Troilus, and Testard which drain into James Bay through the Rupert River flowing northwest of the property. Vegetation is typical of *taiga* with areas partially covered with black spruce and jack pine forests with frequent wildfires. Most of the property is covered in glacial overburden consisting of till and eskers/glaciofluvial outwash deposits. Outcrop is limited and often masked by thick underbrush and moss.

### 3. History

The Frotet-Troilus Area was first explored following the discovery of a Ni-Cu boulder in 1957, which initiated a series of prospecting, drilling and geophysics campaigns in and around the property. The Québec government also conducted geochemistry, mapping and geophysics surveys and published synthesis reports on larger-scale geology. There are no less than 405 government and assessment reports which are partially included in the area of the Frotet Property.

Kenorland has digitized geochemical data from many of the assessment reports that were contained within or partially covered by the original staked property. Efforts to digitize the data were concentrated on historic programs that were more regional exploration in nature and contained surface geochemical data such as lake sediment, soil, and rock geochemistry, as well as rock lithogeochemistry. Kenorland's database of surface geochemical samples include; 496 lake sediment samples, 3,159 soil samples, 4,601 rock samples, and 656 rock lithogeochemical samples.

Due to the poor outcrop exposure over much of the Frotet-Troilus belt, historical drill targeting was based heavily on geophysical surveys, and lesser surface exploration; mapping, prospecting or collecting soil and/or humus geochemistry. After the early success of discovering volcanogenic massive sulphide (“**VMS**”) deposits (Baie Moleon, Lessard, and De Maures) in the southern portion of the belt, many subsequent drill campaigns targeted geophysical conductors across the Frotet Project area with limited success. Within the Frotet Project two areas of interest have been identified through the historical drilling; the Baie Moleon deposit (Cu-Zn-Ag-Au) and the Lac La Fourche target area (Au-Ag-Cu).

The earliest known drilling to have occurred within the current Frotet Project was in 1962 by Bilson Québec Mines Ltd. which discovered the Baie Moleon VMS deposit. Several drill campaigns occurred in the 1960's and 1970's, and then only sporadically during the 1996 and 2011.

The Lac La Fourche prospect area was first drilled in 1964 by Claims Beckett, ICON Syndicate, with a 5 drill hole campaign which returned encouraging Au-Cu-Ag results. In 1986, two drill holes were completed by Kerr Addison Exploration Inc.

In total, there have been 116 historical diamond drills holes for 12,199m of drilling, collared within the Frotet Project. Kenorland has not verified the exact location of the drill holes from maps contained in the assessment reports, nor the accuracy of the meterage completed. All data has been summarized from the SIGEOM database, and illustrated below showing the decade in which drilling was completed.



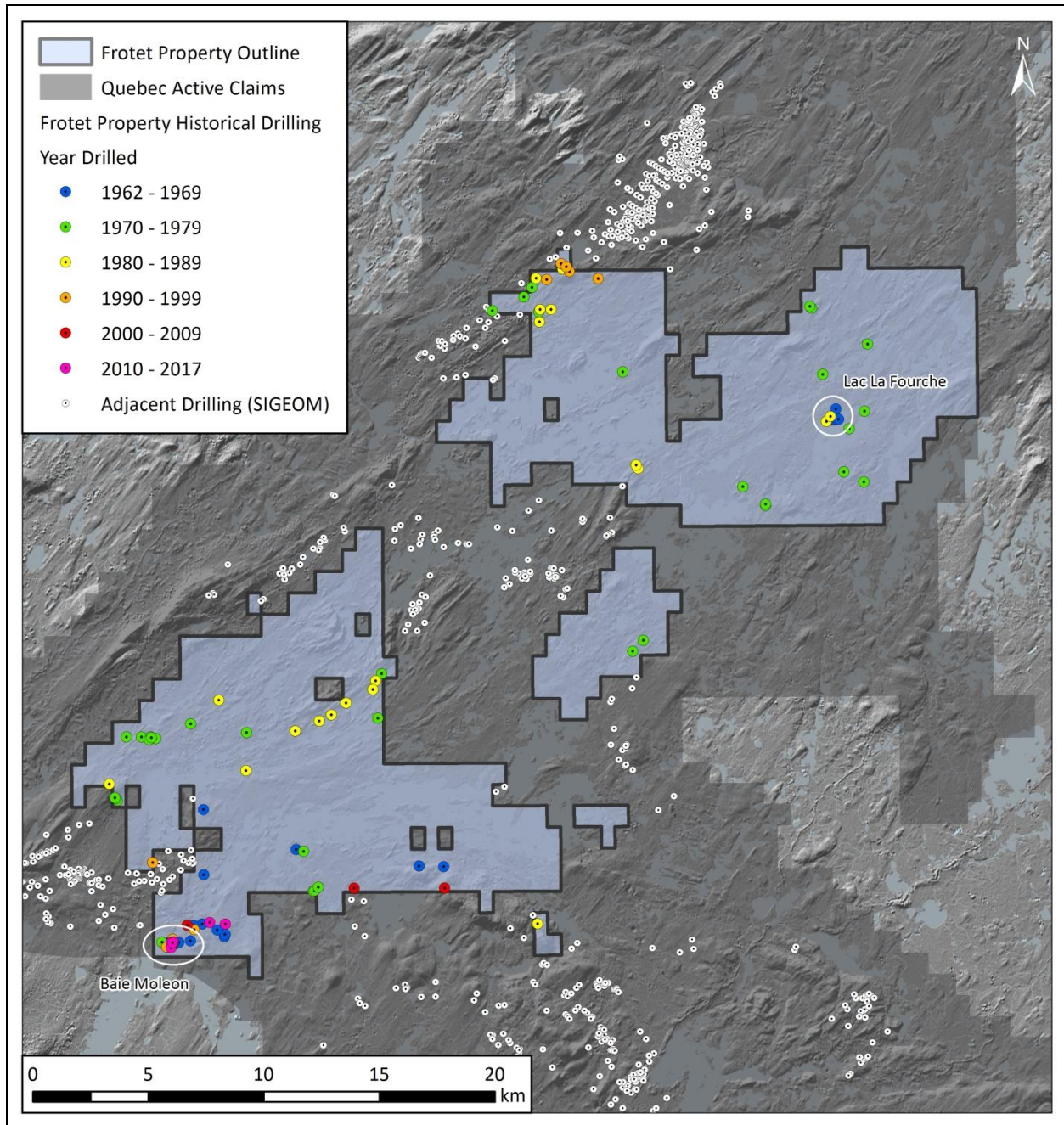


Figure 4: Location map of historical drilling within the Frotet Project, displayed by decade which drilling was completed.

#### 4. Geology Setting

The Frotet Property is located within the Archean Superior Province within the Opatika sub-province in the eastern sector of Frotet-Evans greenstone belt (Figure 5). The Opatika sub-province contains granitoid-gneissic rocks with U-Pb zircon ages from 2833 – 2702 Ma, intrusive rocks were formed between 2.82 Ga and 2.68 Ga and supracrustal rocks in the Frotet-Evans greenstone belt with ages of 2793 – 2755 Ma which contrasts with the younger supracrustal rocks of the Abitibi sub-province to the south. The geology of the Frotet-Troilus segment is dominated by alternating sequences of calc-alkaline to tholeiitic volcanic rocks similar to other greenstone belts in the Superior Province. The belt has been subdivided into four distinct segments from west to east: (a) Evans-Ouagama; (b) Storm-Evans; (c) Assinica; and (d) Frotet-Troilus.

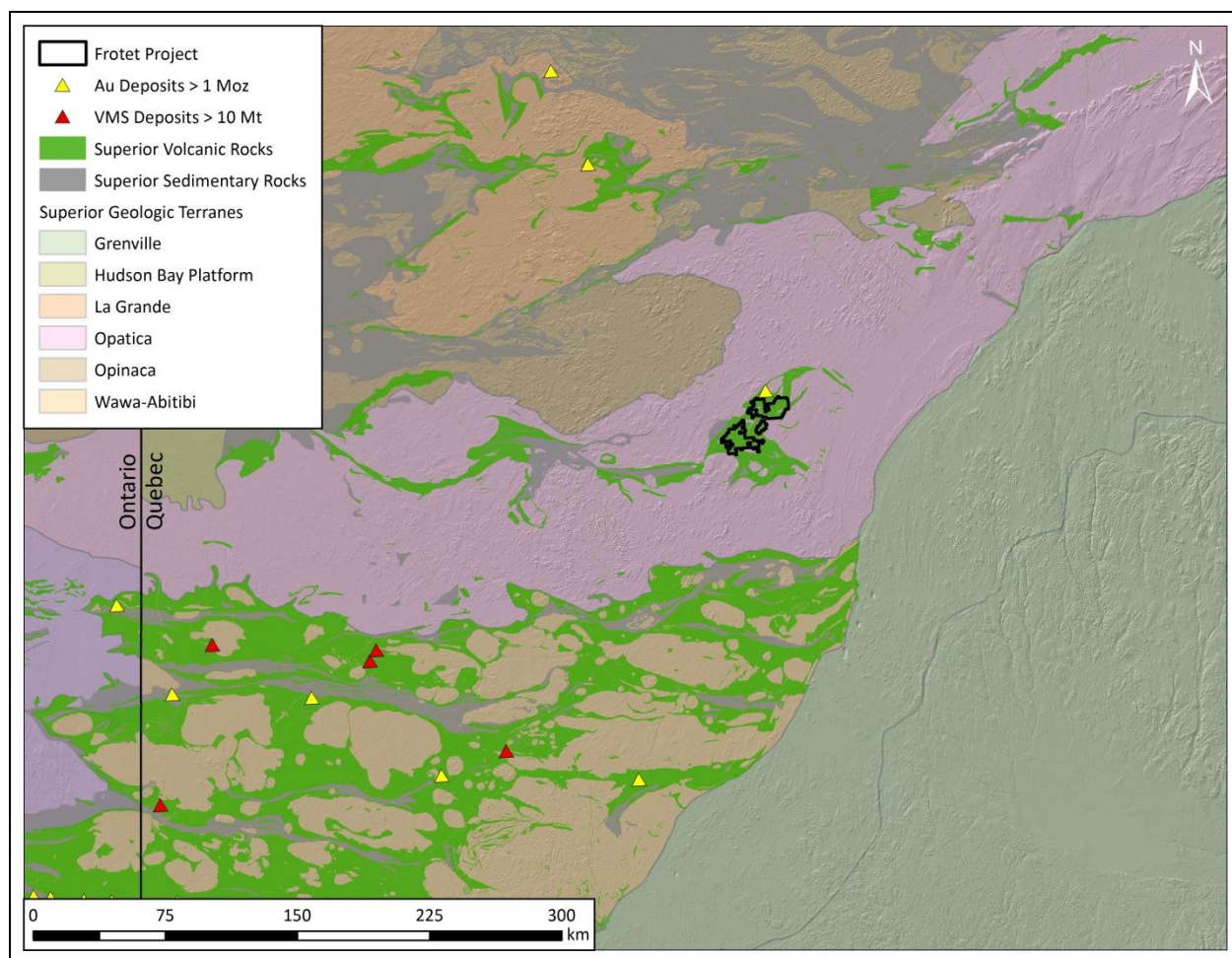


Figure 5: Simplified geology of the Superior Province showing the location of the Frotet Project within the Opatica sub-province.

The geology of the Frotet-Troilus segment of the Frotet-Evans greenstone belt is dominated by alternating sequences of calc-alkaline to tholeiitic volcanic rocks similar to other greenstone belts in the Superior Province. Mafic volcanic rocks consist of pillowed to massive flows and are subdivided into magnesium-rich tholeiites, iron-rich tholeiites, and transitional calc-alkaline to tholeiitic basalts. Unique andesites that are similar to modern-day adakites or boninites were found in fore-arc rift sequences in Phanerozoic arcs. A large intermediate to felsic package of rocks cores the Frotet-Troilus segment of the greenstone belt, referred to as the Frotet formation, which is composed of calc-alkaline block-rich, lapilli, and crystal tuffs, as well as interbedded sedimentary and epiclastic rocks.

The volcanic rocks have been intruded by syn-volcanic intrusions (granite, tonalite, and granodiorite-monzodiorite) to post-deformational intrusions (tonalite). Boulder prospecting and drilling completed 2019-2020 in the Regnault target area has identified a syn-volcanic intrusive complex with general intermediate to mafic composition (diorite-tonalite-gabbro-intrusive breccias) which has many macroscopic features similar to the intrusive complex which hosts the Troilus Au-Cu deposit.

The majority of the Frotet Property is located within the northern domain of the Frotet-Troilus segment, as defined by the fold axis of the major Frotet anticline. The northern part of the Frotet Property is dominated by gabbro, quartz diorite, and tholeiitic basalt with various geochemical signatures, and lesser intermediate fragmental volcanic units. The Cressida and Troilus areas in the northwestern portion of the property are dominantly underlain by coherent mafic to intermediate volcanic rocks bounding a 4km wide southwest-northeast belt of gabbro and diorite with a tonalite core. To the east, the La Fourche area is characterized by a southwest-northeast-trending regional structure well-defined in the field by several competent metre-wide quartz veins. This structural boundary marks the contact

between gabbro, blue quartz-phyric diorite and coherent basalt to the north, with a 2km wide corridor of intermediate volcanic rocks, lapilli breccia and tuffaceous units to the south. Further south, another structure marks the transition from intermediate fragmental rocks into gabbro and high-Ti-Fe tholeiites.

The southern portion of the Frotet Property is underlain by the core of the Frotet anticline, with intermediate to felsic volcanoclastic rocks making up the core of the fold. These volcanoclastic rocks cover a wide spectrum of textures and compositions; polymictic and monomictic, matrix- to clast-supported ash tuff, lapilli to breccia, and coherent andesitic flows. On the northern fold limb of the Frotet anticline, gabbros inter layered with intermediate andesitic flows grade outwards to large coherent basalt flows which trend southwest-northeast through the center of the Frotet-Troilus belt (Figure 6). To the east of Lac Frotet, intermediate fragmental units are interbedded or crosscut by blue-quartz-phyric diorite and gabbro. To the southeast of Lac Frotet, units are again dominated by interbedded basalt and gabbro unit. Several early, probably syn-volcanic felsic to intermediate intrusions are located along and E-W in close proximity to the southern boundary of the Frotet Property. Most notably is the Regnault intrusive complex characterized by blue quartz-phyric diorite-granodiorite, tonalite, gabbro and intrusive breccias located along the margins of the complex. These rocks range from fine to coarse grained, and equigranular to porphyritic. A major E-W fault has dissected the Frotet anticline which follows the margins of Lac Frotet.

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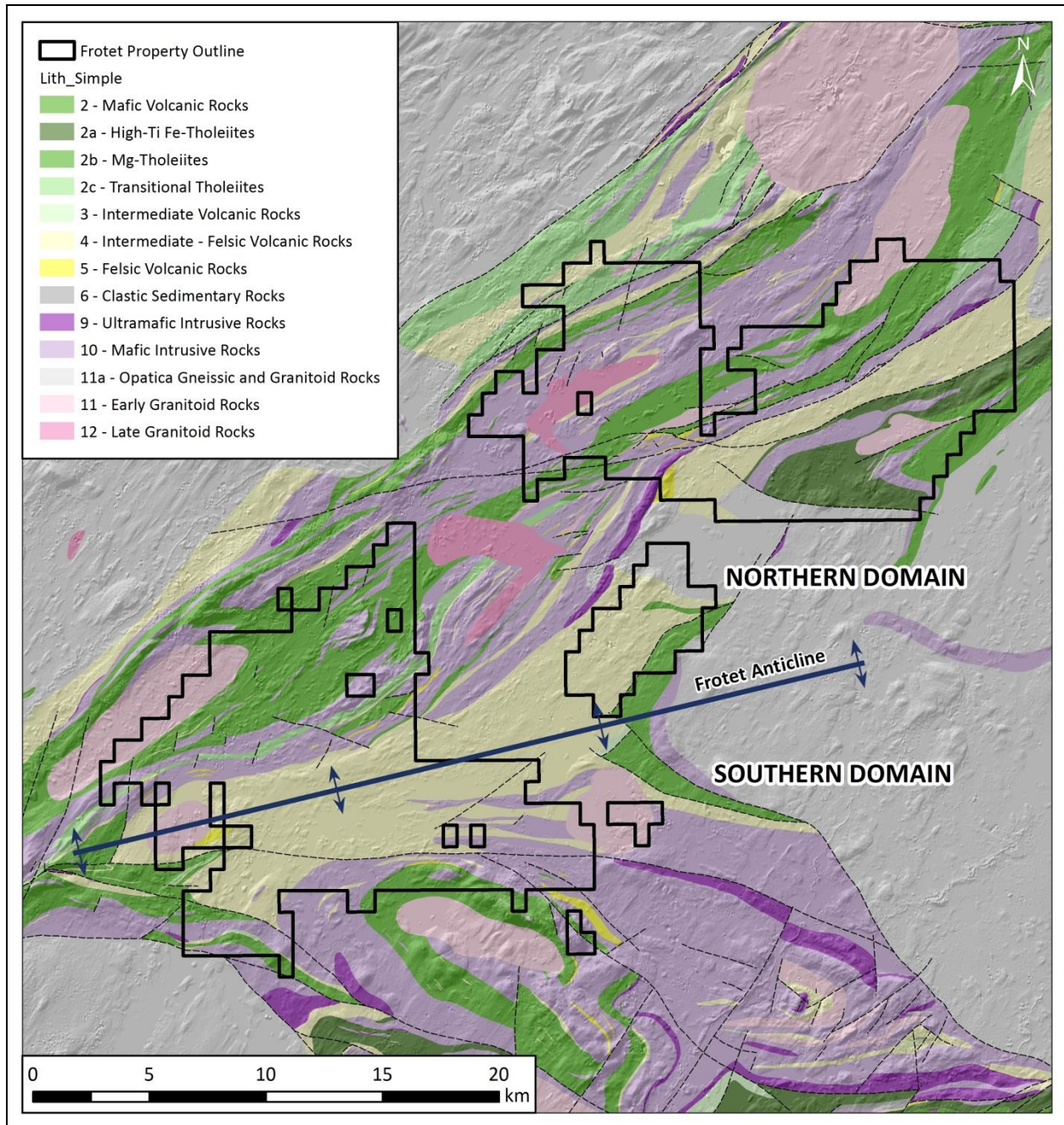


Figure 6: Regional geology of the Frotet-Troilus segment, after SIGEOM regional mapping.

## 5. Exploration

Kenorland has been exploring the Frotet Project since 2018, including collecting surface geochemical data of multiple sample mediums, field mapping, various geophysical surveys, and drilling at the Regnault target. Till sampling completed between 2018 and 2020 has totaled 6,697 B-horizon samples, along with 92 C-horizon till samples (gold grain analysis and pebble lithological mapping), and 600 rock samples (boulders and outcrop chip samples). Several geophysical surveys have been completed including property wide helicopter supported airborne magnetic surveys, and detailed surveys over the Regnault target area including a drone assisted detailed airborne magnetic survey and a ground Induced Polarized survey. The regional exploration efforts have identified several areas of interest, with Regnault being the most significant target area.



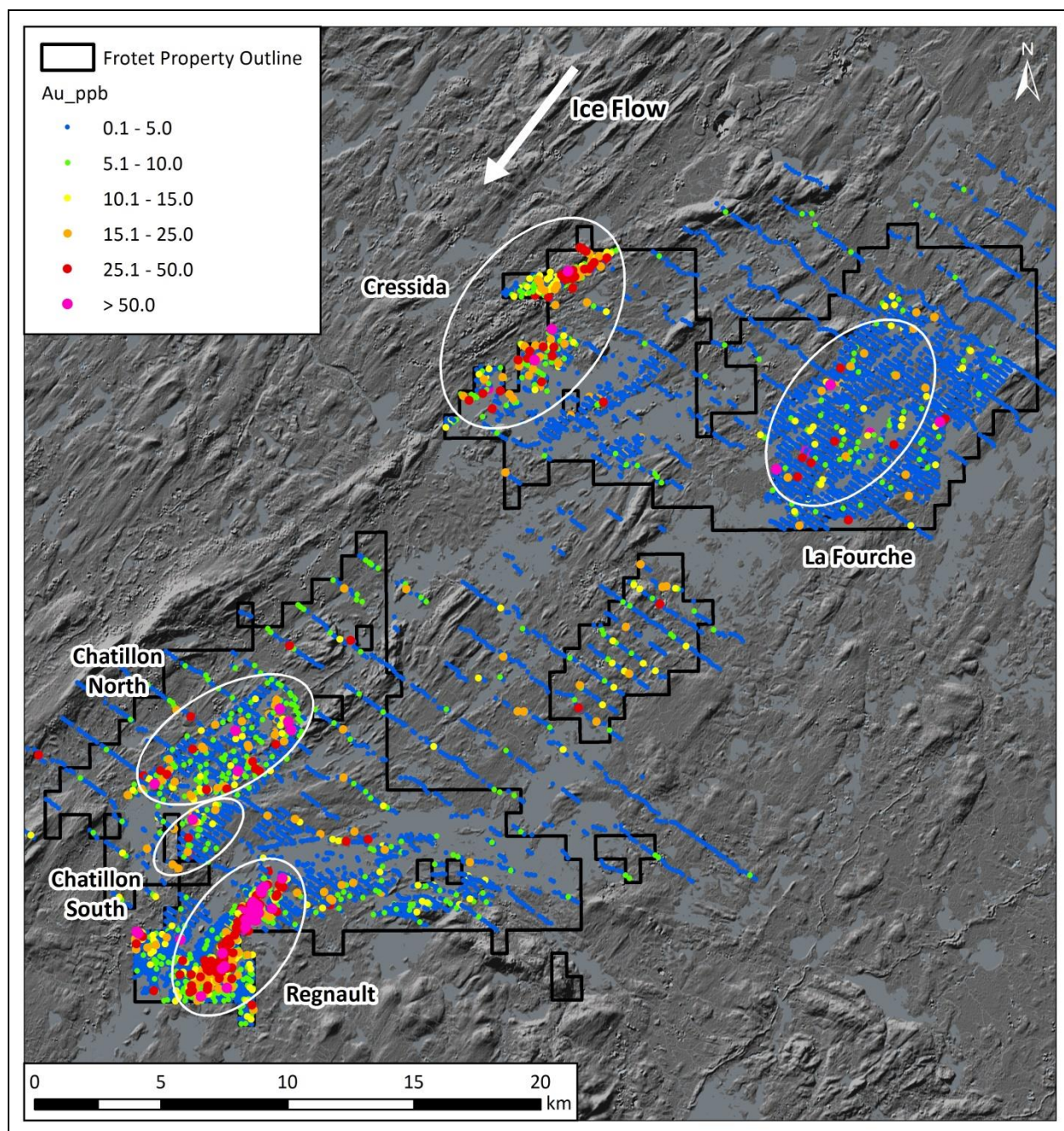


Figure 7: Regional till chemistry and target areas – Au (ppb).

## 6. Mineralization

The gold in till anomaly (dispersal train) at Regnault has been identified to extend for 5km following a southwestern ice flow direction with the head of the dispersal train located under Lac Regnault (Figure 7). The gold in till anomaly is very coherent with samples returning >50 ppb Au in the northeast (Figure 7), tapering to commonly 25-50 ppb Au to the south west. C-horizon till sampling was carried out in the down ice direction from the lake to determine the tenure of gold grains. In total fifteen samples were collected, of which 7 samples returned >100 gold grains with highs of 253 grains (176 pristine, 67 modified, and 10 reshaped) and 283 grains (159 pristine, 94 modified, and 30 reshaped). The high tenure of total gold grains, and high percentage of pristine grains indicates that the transport distance was short.

Mineralization at Regnault is characterized by Au-Ag-Te-Bi-W-Mo±Cu-Pb-Cd metal associations, with the head source of the dispersal train underlain by a granodiorite-diorite-gabbro intrusive complex within intermediate-felsic volcanic rocks of the Frotet formation. Boulder prospecting around Lac Regnault returned samples containing up to 408 ppm Au and >200 ppm Ag from pyrite mineralized quartz veins.

Gold mineralization is characterized by high grade quartz±calcite-pyrite veins/stockwork with disseminated pyrite (commonly up to 5%) in the alteration selvages. No visible gold was identified in rock samples during the boulder prospecting, but has been observed in several quartz veins intersected in drilling. The vein systems intersected in drilling to date range from weak stockwork over 1m-2m of core length, to strong (~30-50% veining) over tens of metres.

From the boulder prospecting, the dominant host of quartz veins are diorite-gabbro intrusive rocks, but gold bearing rock samples which have undergone silicification and pyritization have been identified as intrusive and volcanoclastic rocks. In drilling, the most significant host rock identified is the diorite-gabbro intrusive complex, and very little gold mineralization has been encountered in the volcanic rocks to date.

Drill hole 20RDD007 has returned the most significant mineralization to date at the Regnault target returning 29.08m @ 8.47 ppm Au and 12.23 ppm Ag, including 11.13m @ 18.43 ppm Au and 25.93 ppm Ag. Figure 8 shows the quartz±calcite stockwork veining intercepted, illustrated with gold and silver assays (assay results and sample bars displayed above corresponding row of core). It can be noted that the density of quartz±calcite veining varies through the intercept and as a generalized statement; the pyrite content also increases with increased veining, and higher gold-silver values.

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Figure 8: Photographs of core from drill hole 20RDD007 with gold and silver assays.

## 7. Drilling

All of Kenorland's drilling has been concentrated at the Regnault target area which did not have any previous drilling; therefore all historical drilling has been summarized above and not discussed further here. Kenorland has completed 23 diamond drill holes for 7,822.10m in two phases of drilling; Phase I included 15 drill holes and occurred during February-March 2020, and Phase II included 8 drill holes and was completed June-July 2020. Drill hole information, and collar data is summarized in Table 3.

Table 3: Regnault target diamond drill hole information completed by Kenorland.

| Drill Program            | Hole ID   | Easting | Northing | Elevation | Dip | Azimuth | EOH (m) |
|--------------------------|-----------|---------|----------|-----------|-----|---------|---------|
| Phase I:<br>Winter 2020  | 20RDD001  | 519950  | 5621303  | 388.1     | -45 | 332     | 498.00  |
|                          | 20RDD002  | 518668  | 5620085  | 382.0     | -45 | 179     | 141.00  |
|                          | 20RDD003  | 519290  | 5621065  | 377.6     | -45 | 124     | 270.00  |
|                          | 20RDD004  | 519868  | 5621163  | 382.6     | -45 | 309     | 561.00  |
|                          | 20RDD005  | 519165  | 5621028  | 381.6     | -45 | 333     | 303.00  |
|                          | 20RDD006  | 519100  | 5620814  | 375.0     | -45 | 271     | 399.20  |
|                          | 20RDD007  | 519535  | 5620698  | 375.0     | -45 | 301     | 492.00  |
|                          | 20RDD008  | 518928  | 5620584  | 377.0     | -45 | 114     | 447.00  |
|                          | 20RDD009  | 519877  | 5620907  | 380.6     | -45 | 258     | 264.00  |
|                          | 20RDD010  | 518864  | 5620455  | 378.7     | -45 | 180     | 447.00  |
|                          | 20RDD011  | 519624  | 5620304  | 374.3     | -45 | 259     | 261.00  |
|                          | 20RDD012  | 519515  | 5620565  | 375.9     | -45 | 299     | 447.00  |
|                          | 20RDD013  | 519377  | 5621404  | 381.8     | -45 | 128     | 573.00  |
|                          | 20RDD014  | 519219  | 5619913  | 377.1     | -45 | 12      | 537.00  |
|                          | 20RDD015  | 518946  | 5620150  | 376.1     | -55 | 140     | 279.41  |
| Phase II:<br>Summer 2020 | 20RDD016  | 519676  | 5620122  | 376.0     | -45 | 313     | 174.00  |
|                          | 20RDD017  | 518888  | 5619978  | 375.0     | -45 | 333     | 306.00  |
|                          | 20RDD018  | 518515  | 5620082  | 384.0     | -45 | 157     | 225.00  |
|                          | 20RDD019  | 519050  | 5619863  | 375.0     | -47 | 142     | 285.00  |
|                          | 20RDD020  | 518700  | 5619675  | 378.0     | -48 | 328     | 257.44  |
|                          | 20RDD021  | 519192  | 5620915  | 376.0     | -45 | 299     | 13.05   |
|                          | 20RDD021A | 519192  | 5620915  | 376.0     | -45 | 299     | 174.00  |
|                          | 20RDD022  | 519517  | 5620677  | 375.0     | -65 | 309     | 276.00  |
|                          | 20RDD023  | 519542  | 5620711  | 375.0     | -50 | 311     | 192.00  |

All drilling to date has been completed from land in the vicinity of Lac Regnault, and conducted by Chibougamau Drilling Ltd. The drill programs were permitted with Intervention permits submitted and approved by the MFFP (Ministère des Forêts, de la Faune et des Parcs), and shoreline access CA permits submitted and received by the MDDELCC (Ministère de l'Environnement et de la Lutte Contre les Changements Climatiques). Figure 9 displays the location of the Regnault drilling.

The geological logging of core was performed by Ordre des Géologues du Québec (“OGQ”) registered geologists who also oversaw the geotechnical logging. Half core samples were cut on sight using a core saw, bagged in polyethylene sample bags and secured close with zip straps. QAQC samples were inserted into the sample sequence approximately every 20 samples.



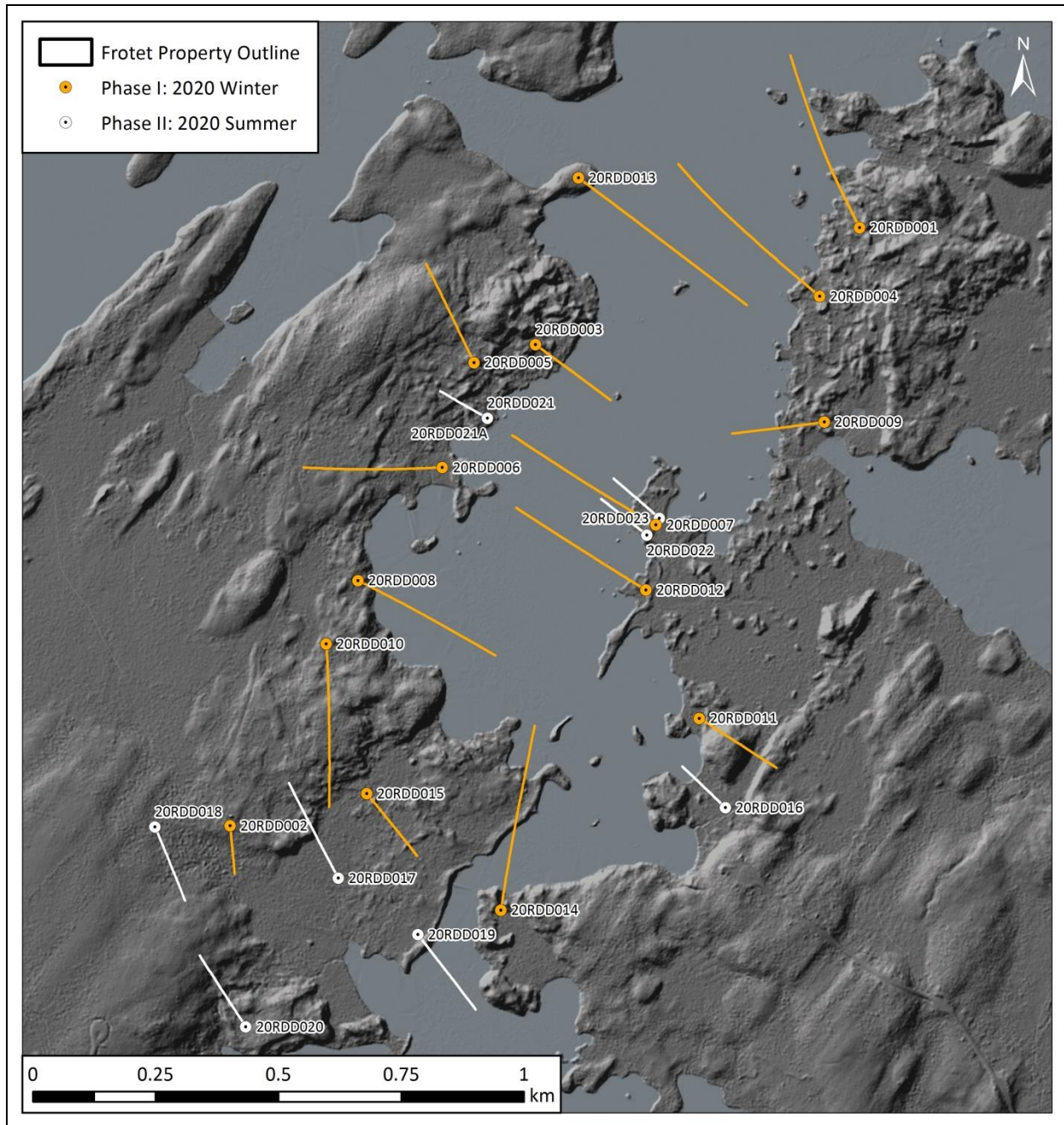


Figure 9: Diamond drill hole locations at the Regnault target, completed 2020.

Many of the drill holes have intersected high Au-Ag grade quartz±calcite veins containing pyrite mineralization and occasional visible gold. Some drilling has intersected broad zones of disseminated pyrite which carries low grade gold, but the most significant mineralization intersected to date are narrow (0.2m - 2.0m) to very extensive (10's of metres in 20RDD007) quartz±calcite vein structures. Significant assays returned from the drilling completed by Kenorland are summarized in Table 4. All widths are reported as intersected drill core lengths, and true widths of the mineralized vein structures are not currently understood.

Table 4: Summary of significant Regnault drilling assays.

| Hole ID   |       | From (m) | To (m) | Length (m) | Au (ppm) | Ag (ppm) |
|-----------|-------|----------|--------|------------|----------|----------|
| 20RDD002  |       | 38.93    | 39.70  | 0.77       | 14.60    | 18.50    |
|           | and   | 49.31    | 53.06  | 3.75       | 16.06    | 23.00    |
|           | incl. | 52.30    | 53.06  | 0.76       | 57.00    | 83.30    |
| 20RDD004  |       | 191.80   | 217.22 | 25.42      | 0.27     | 0.24     |
|           | and   | 256.34   | 258.93 | 2.59       | 9.89     | 10.20    |
|           | incl. | 257.44   | 258.93 | 1.49       | 15.26    | 17.28    |
| 20RDD007  |       | 72.00    | 101.08 | 29.08      | 8.47     | 12.23    |
|           | incl. | 89.27    | 100.40 | 11.13      | 18.43    | 25.93    |
|           | and   | 367.00   | 369.30 | 2.30       | 2.73     | 2.89     |
| 20RDD008  |       | 31.50    | 33.00  | 1.50       | 3.54     | 6.43     |
|           | and   | 151.00   | 151.36 | 0.36       | 25.20    | 45.30    |
|           | and   | 160.12   | 160.43 | 0.31       | 28.40    | 15.20    |
| 20RDD009  |       | 106.00   | 116.44 | 10.44      | 0.83     | 0.63     |
| 20RDD012  |       | 111.67   | 117.11 | 5.44       | 5.94     | 2.10     |
|           | incl. | 111.67   | 112.37 | 0.70       | 35.30    | 9.90     |
|           | and   | 212.24   | 213.46 | 1.22       | 6.15     | 2.52     |
| 20RDD014  |       | 295.18   | 320.62 | 25.44      | 0.31     | 0.39     |
|           | and   | 498.59   | 505.50 | 6.91       | 1.98     | 1.71     |
|           | incl. | 501.41   | 501.91 | 0.50       | 9.12     | 9.80     |
| 20RDD015  |       | 47.57    | 52.50  | 4.93       | 9.59     | 18.36    |
|           | incl. | 51.90    | 52.21  | 0.31       | 114.30   | 237.00   |
| 20RDD017  |       | 43.73    | 44.25  | 0.52       | 4.55     | 3.10     |
| 20RDD018  |       | 93.94    | 94.38  | 0.44       | 7.04     | 13.00    |
|           | and   | 186.64   | 187.43 | 0.79       | 5.86     | 14.20    |
| 20RDD019  |       | 196.06   | 199.45 | 3.39       | 1.13     | 1.28     |
|           | and   | 219.52   | 221.45 | 1.93       | 6.91     | 8.61     |
| 20RDD020  |       | 129.73   | 130.80 | 1.07       | 12.76    | 19.51    |
|           | and   | 192.82   | 210.00 | 17.18      | 0.91     | 1.62     |
|           | incl. | 206.83   | 207.63 | 0.80       | 12.30    | 22.70    |
| 20RDD021A |       | 22.00    | 23.30  | 1.30       | 6.14     | 4.00     |
|           | and   | 82.90    | 85.56  | 2.66       | 33.69    | 14.92    |
|           | incl. | 83.56    | 84.58  | 1.02       | 76.88    | 33.77    |
| 20RDD023  |       | 116.81   | 124.50 | 7.69       | 1.15     | 0.82     |
|           | incl. | 118.70   | 120.51 | 1.81       | 3.11     | 1.98     |
|           | and   | 147.48   | 158.00 | 10.52      | 1.55     | 1.24     |
|           | incl. | 153.46   | 158.00 | 4.54       | 3.21     | 2.44     |

## 8. Sampling and Analysis

Exploration campaigns undertaken by Kenorland between 2018 and 2020 were overseen by appropriately qualified professional geologists to ensure quality control protocols were in place and followed. All exploration was performed with adequate quality control procedures that generally meet or exceed industry best practices for an exploration stage project. The geological logging of core was performed and supervised by OGQ (Ordre des



Gologues du Québec) registered geologists who also oversaw the geotechnical logging. Half core samples were cut on sight using a core saw, bagged in polyethylene sample bags and secured close with zap straps. QAQC samples were inserted into the sample sequence approximately every 20 samples. The samples were then weighed before placed in rice bags ready to be shipped to the Bureau Veritas Lab in Timmins.

The drill core samples were prepared by methods of the PRP70-250 package (1 kg to  $\geq 70\%$  passing 2mm - Pulverize 250 g  $\geq 85\%$  75 $\mu$ m). Samples were then analyzed with the FA430 package for Au determination by lead Collection Fire Assay with Atomic Absorption Spectroscopy Finish. The detection limit is 0.005 ppm Au with and upper limit of 10 ppm Au. Samples which returned Au > 10 ppm or Ag > 200 ppm were automatically analyzed by gravimetric methods (FA530 package).

Multi-acid digestion package ICP-ES/MS (MA200) analysis was used to give near total values for most elements. A 0.25 g split is heated in HNO<sub>3</sub>, HClO<sub>4</sub> and HF to fuming and taken to dryness. The residue is dissolved in HCl. The series of analyte includes 53 elements as follow : Ag, Al, As, Ba, Be, Bi, Ca, Cd, Ce, Co, Cr, Cu, Fe, Hf, In, K, La, Li, Mg, Mn, Mo, Na, Nb, Ni, P, Pb, Rb, Re, S, Sb, Sc, Se, Sn, Sr, Ta, Te, Th, Ti, Tl, U, V, W, Y, Zn, Zr.

## **9. Security of Samples**

Throughout the exploration campaigns undertaken by Kenorland, all samples were collected by field personnel hired by Kenorland and were stored and inventoried in enclosed trailers or buildings which were only accessible to Kenorland personnel. Samples were counted and reconciled with the database in order to ensure the number of physical bags was accurate. Sample shipments were prepared, and samples were placed in rice bags, zipped tied closed, and placed on pallets wrapped in shrink wrap for shipping to the respective laboratories.

## **10. Mineral Resources and Mineral Reserves**

There currently are no mineral resources or mineral reserves on the Frotet Project that comply with the CIM Standards on Mineral Resources and Reserves Definitions and Guidelines adopted by CIM Council.

## **11. Exploration and Development**

Recommended exploration programs include additional ground Induced Polarization surveying, detailed surface geochemical sampling (till (gold grains) and boulder prospecting) and diamond drilling at the Regnault target. Additional regional exploration should be completed in order to maintain good standing and complete required exploration expenditures on mining titles that have be identified as being prospective.

Accordingly, a first, non-contingent phase of work with a C\$1,056,000 budget is proposed (Table 5). This program includes the biennial mining title renewal fees for the current Frotet property, and management fee paid to Kenorland for operating the proposed program. Exploration works include IP geophysics composed of two components; infill line spacing from the current 200m spaced lines down to 50m spaced lines, and extend the survey grid towards the southwest to cover additional prospective ground. Also, 3D inversions of chargeability should be completed to identity moderate chargeability anomalies (9-12 msec) which correlate with magnetic lineaments for drill targeting. Geological interpretation of these results should refine drill targets for the Phase II work program.

A Phase II of exploration contingent on the favourable results of Phase I is recommended with a C\$2,746,800 budget, this work program consists of an additional 9 000 m of diamond drilling at the Regnault target. Portions of this program should be step-out drilling from the more significant mineralization encountered to date utilizing the newly acquired IP data for targeting, with the remainder of meters budgeted should be designated to test additional targets, specifically to the south and southwest of the current drilling.

A total budget of \$3.8M is recommended for both Phase I and II work programs, as this would be the required amount for SMMCL to complete Phase 2 under the option agreement. This budget would include the biennial

mining title renewal fees for the current Frotet property, and management fee paid to Kenorland for operating the proposed program. A summary of the cost breakdown is presented in Table 5.

*Table 5: Recommended work program budget.*

| Recommended Frotet Program Budget                       |                    |
|---------------------------------------------------------|--------------------|
| <b>Phase 1 Work Program</b>                             |                    |
| Mining Title Renewal Fees                               | \$50,000           |
| Camp Construction                                       | \$300,000          |
| Ground IP Survey                                        | \$470,000          |
| Surface Exploration                                     |                    |
| Personnel / Operations                                  | \$40,000           |
| Geochemical Analysis                                    | \$20,000           |
| Contingency (10%)                                       | \$88,000           |
| Management Fee (10%)                                    | \$88,000           |
| <b>Total for Phase I</b>                                | <b>\$1,056,000</b> |
| <b>Phase 2 Work Program – Diamond Drilling (9,000m)</b> |                    |
| Drilling                                                | \$874,000          |
| Drill Support/Operations                                | \$300,000          |
| Geochemical Analysis                                    | \$300,000          |
| Personnel                                               | \$815,000          |
| Contingency (10%)                                       | \$228,900          |
| Management Fee (10%)                                    | \$228,900          |
| <b>Total for Phase II</b>                               | <b>\$2,746,800</b> |
| <b>Total for Phase I and II</b>                         | <b>\$3,802,800</b> |

### ***Tanacross Project***

The information in this section about the Tanacross Project is derived from, and in some cases is an extract from, the Tanacross Technical Report. Reference is made to the full text of the Tanacross Technical Report which may be accessed under Northway's SEDAR profile at [www.sedar.com](http://www.sedar.com). The Tanacross Project will be the Resulting Issuer's 'qualifying property' for the purposes of meeting the Initial Listing Requirements of the Exchange Policies in connection with the Transaction.

Kenorland currently holds a 100% interest in the Tanacross Project, subject to a 1% NSR held by Freeport and a further 1% NSR held by Seguro Projects Inc. ("**Seguro**") on certain of the claims forming the Tanacross Project. The Tanacross Project was originally acquired in part via staking and through transfer agreement with Seguro dated June 22, 2017 (the "**Seguro Agreement**").

#### **1. Property Description and Location**

The Tanacross Property is within the Tanacross (C-1) Quadrangle within the Fairbanks mining recording district and consists of 718 claims covering an area of 45,900 hectares (Figure 1). The Tanacross Property is approximately 335km southeast of Fairbanks in the Moosehorn Range that straddles the Alaska-Yukon border. Like federal mining law, Alaska mining laws provide for nonexclusive access to State-owned lands for prospecting, an exclusive right to develop a discovery,

and security of tenure. The primary difference between a mining claim and a leasehold location is that a mining claim gives an owner an immediate property right to mine a mineral deposit whereas a leasehold location must be converted into an upland mining lease before mining operations can begin. ([http://dnr.alaska.gov/mlw/mining/min\\_prop.cfm](http://dnr.alaska.gov/mlw/mining/min_prop.cfm)).

The property abuts the Yukon-Alaska border to the east with the main showings located along ridge crests from 12 to 23 kilometres to the west of the border. The Tanacross property is located 80 kilometers northeast of the town of Tok, Alaska.

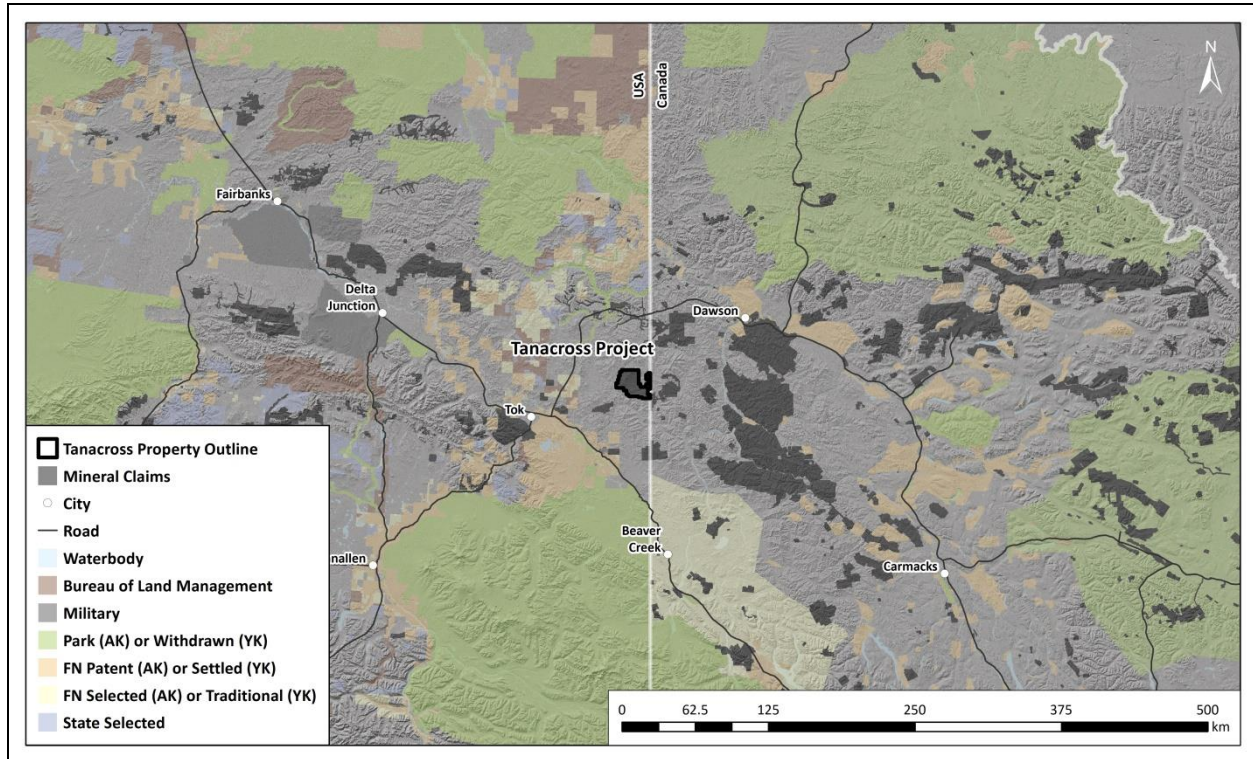


Figure 1: Map showing the location of the Tanacross Property.

In 2017 Kenorland staked 625 claims, 21 claims were later added to the property by entering into an earn in agreement with Seguro. In 2018 a block of 72 claims were added along the western boundary of the property (Figure 2).

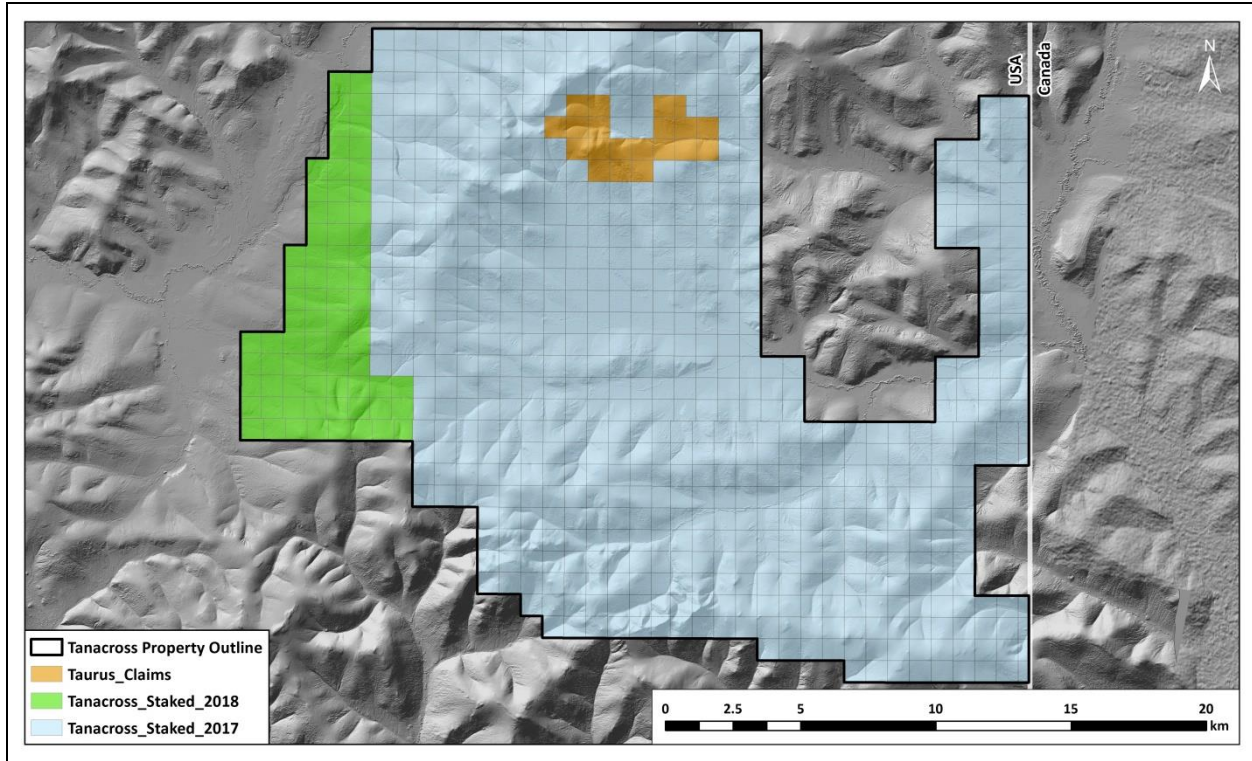


Figure 2: Map showing the 718 claims that form the Tanacross property.

## 2. Accessibility, Climate, Local Resources, Infrastructure and Physiography

There are two usable airstrips on the property suitable for small single engine aircraft such as a Cessna 207, which can be readily chartered from 40 Mile Air based in Tok, Alaska located approximately 90km to the southwest. There is a third airstrip located in the Bluff prospect which would only provide access to a very small single engine aircraft such as a Super Cub and would require brushing prior to use (Figure 3).

Heavy equipment and drill rigs were mobilized during the winter to site via a 100km overland trail that starts at Mile 9 of the Taylor Highway. Although it is possible to navigate by tracked vehicles or side by side ATV's during the summer months the trail is best navigated during the winter months when the ground is frozen.

A network of historic exploration roads provided access to personnel and equipment during the 2019 drill program. Historic roads were cleared of vegetation during the 2019 drilling program and could be driven on by 4x4 vehicles. Several short drill roads were developed to service new drill pads in 2019.

In 2019 Kenorland Minerals constructed an exploration camp and cleared an area for a core storage yard. The camp can house 20 people and has 2 dries, with hot and cold running water, a kitchen, office, indoor core logging facility, indoor core cutting room, and core yard. Sleeping quarters consist of 4-person canvas wall tents. Electricity is supplied by a diesel generator & potable water is provided using a two-stage ultraviolet and particulate filter system.



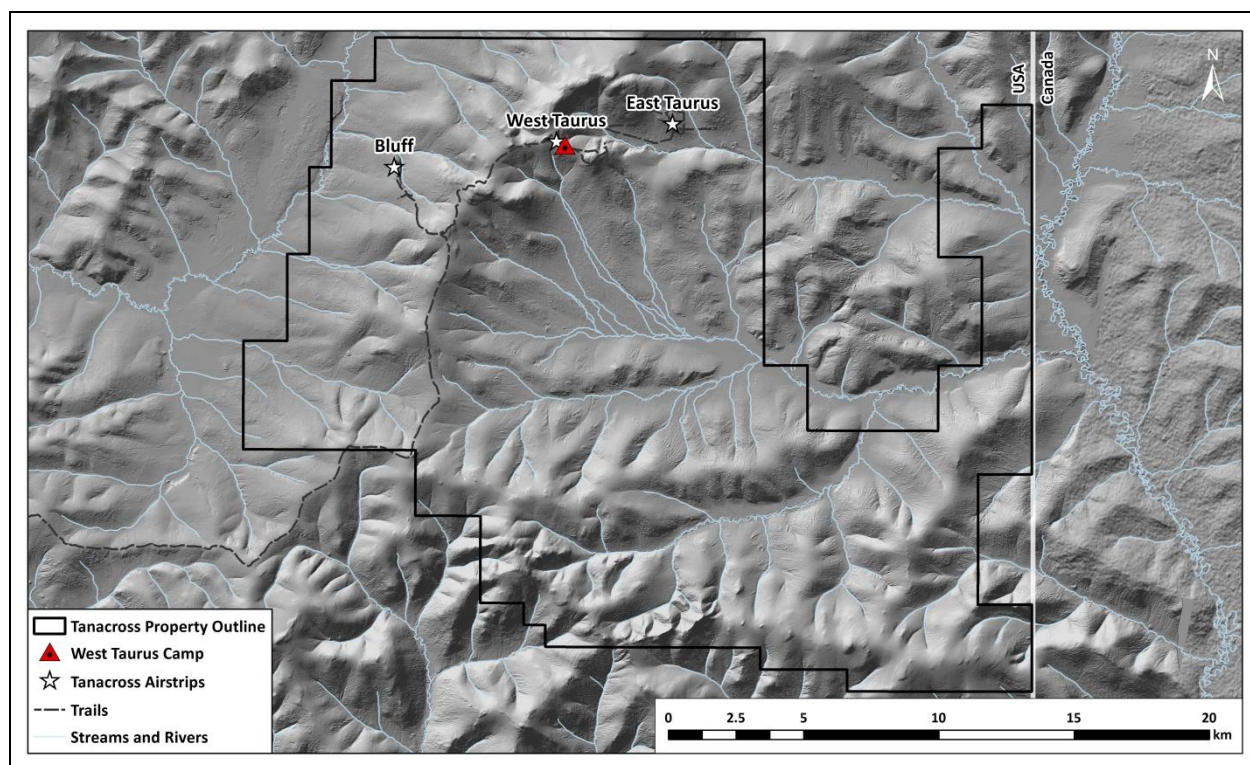


Figure 3: Land access and camp locations in the vicinity of the Tanacross land package.

Tok is the closest moderate-sized town with a population estimated at 1160. Tourism is the main economic driver for the town. Primary amenities needed for exploration work can be found in Tok such as a medical clinic, accommodation, groceries and a small airport for chartered flights.

The local climate is semi-arid with an annual precipitation of less than 50 centimetres and seasonal temperatures ranging from a high of 32 ° C to a low of -45° C. The field season traditionally runs from mid-May to mid-October. The closest weather stations that record data are in Chicken and Tok, Alaska.

The property is characterized by a series of alpine ridges covered with moss, lichens, willow and birch brush (buckbrush) ranging from over 1,300 metres to 1,100 metres in elevation with black spruce on moderate to gentle sloping terrain leading to the valleys below at 900 metres down to 600 metres in elevation.

Outcrop and felsenmeer can be found on the ridge crests but not on the slopes or in the valleys where depth to bedrock varies from tens of centimetres to several metres. The area was unglaciated during the last ice age and slopes and valleys are covered by colluvium and loess with a thick organic layer at lower elevations. Permafrost is ubiquitous in areas of colluvial and loess, with permafrost free windows where depth to bedrock is low.

### 3. History

Copper-molybdenum mineralization was first discovered at the East and West Taurus prospects in 1970 by International Minerals and Chemicals Corporation Inc. as a result of a reconnaissance geochemical survey within the Tanacross quadrangle. Through a series of option agreements, International Minerals and Chemicals Corporation Inc. explored the Taurus-Bluff prospects from 1970-1980 completing mapping, soil sampling, ground geophysical surveys and drilling. During this time, several other occurrences were identified within the vicinity of the Tanacross Property including the East Denison, Push Bush, Big Creek and Ladue showings. At some point after 1980, the claims covering the Taurus-Bluff property had lapsed.

In 1990, a prospector named Barry O'Neil staked the Taurus area, and was optioned to Loadstar Explorations Inc. who formed an earn-in option agreement with Hemlo Gold Mines to explore the property over the next two years.

The property changed ownership several times until 1997, during which time mapping, geophysical surveys (airborne magnetic survey, an electromagnetic survey, and a resistivity survey), and drill campaigns at East and West Taurus were completed.

Little is known of the project area until 2007-08, when Senator Minerals Inc. owned the claims covering the East and West Taurus prospects, and Full Metal Minerals Corp. owned claims surrounding the Taurus claims, extending further to the west to cover the Bluff and east Denison target areas. Senator Minerals Inc. completed 3 diamond drill holes in 2008 at East Taurus returning significant Cu-Au-Mo mineralization. Full Metal Minerals Corp. completed wide spaced ground Induced Polarized surveys over the Bluff area in 2008, and completed 5 diamond drill holes in 2011.

From 1971 to 2011 9 different companies drilled a total of 7,256m of diamond drilling in 40 drill holes, and 764m of RC drilling in 12 drill holes on the Tanacross Property. The various drilling campaigns assayed for various elements including Cu, Mo, Au, Ag, Pb and Zn. Most significantly analysis prior to 1979 were not assayed for Au.

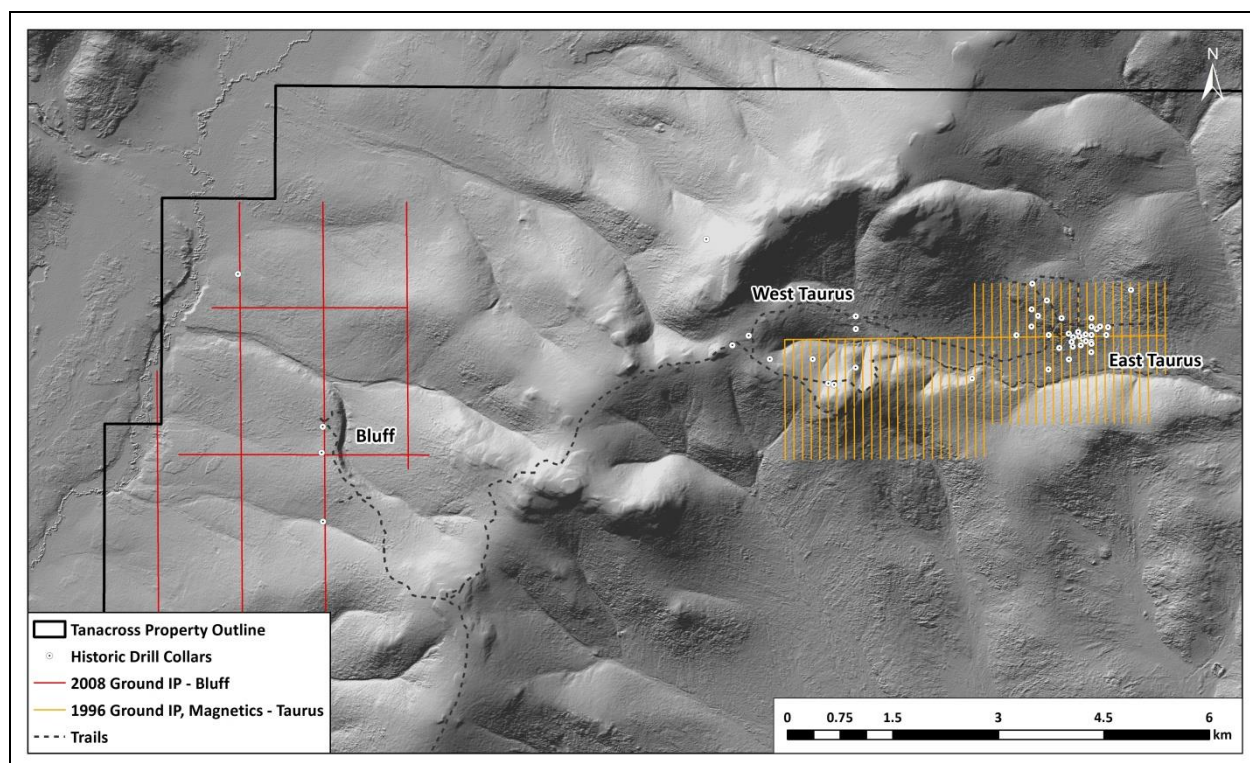


Figure 4: Map showing ground geophysical grids and drill holes completed 1970-2011 on the Tanacross Property.

Significant assays returned from historical drilling completed in 1996 (Reliance Geological Services) and 2008 (Senator Minerals Inc.) are summarized in Table 1. Note that insufficient drilling has been carried out to determine the true thickness of mineralized drill-hole intercepts. All reported intercepts are down hole intervals and not true width of the mineralized zones.



*Table 1: Summary of significant results from the 1996 and 2008 diamond drilling programs at East Taurus.*

| Hole No. | From (m) | To (m) | Interval (m) | Cu (%) | Mo (%) | Au (ppm) |
|----------|----------|--------|--------------|--------|--------|----------|
| T96-30   | 54.9     | 67.7   | 12.8         | 0.199  | 0.026  | 0.087    |
|          | 67.7     | 90.2   | 22.6         | 0.502  | 0.024  | 0.078    |
|          | 90.2     | 229.8  | 139.6        | 0.293  | 0.034  | 0.108    |
| T96-31   | 49.4     | 86.0   | 36.6         | 0.234  | 0.027  | 0.071    |
|          | 86.0     | 109.7  | 23.8         | 0.144  | 0.016  | 0.073    |
|          | 122.5    | 422.5  | 299.9        | 0.161  | 0.024  | 0.075    |
| T96-32   | 63.1     | 191.1  | 128.0        | 0.146  | 0.046  | 0.217    |
|          | 191.1    | 299.0  | 106.1        | 0.300  | 0.044  | 0.188    |
| T96-33   | 72.8     | 102.1  | 29.3         | 0.139  | 0.005  | 0.017    |
| T96-34   | 61.3     | 97.8   | 36.6         | 0.085  | 0.001  | 0.035    |
| T96-36   | 221.9    | 229.2  | 7.3          | -      | -      | 0.480    |
| T96-37   | 79.2     | 90.2   | 11.0         | 0.125  | 0.018  | 0.058    |
|          | 90.2     | 135.9  | 45.7         | 0.324  | 0.027  | 0.071    |
|          | 135.9    | 264.0  | 128.0        | 0.204  | 0.031  | 0.077    |
| T08-40   | 7.9      | 43.3   | 35.4         | 0.186  | 0.038  | 0.330    |
|          | 204.2    | 436.8  | 232.6        | 0.311  | 0.036  | 0.247    |
| T08-41   | 66.1     | 120.7  | 54.6         | 0.258  | 0.021  | 0.149    |
| T08-42   | 93.9     | 111.3  | 17.4         | 0.232  | 0.004  | 0.015    |

#### 4. Geology Setting

The Tanacross Project is located in the Yukon-Tanana uplands which is a region of deformed metamorphic rocks that were intruded by multiple phases of granitoid intrusives during the Mesozoic and Cenozoic. The terrane is bound in the northeast by The Tintina Fault and in the southwest by the Denali Fault (Figure 5). The tectono-stratigraphic framework of the Yukon-Tanana uplands consists of two fundamental components; the allochthonous pericratonic Yukon-Tanana Terrane represented by the Fortymile River and Nasina arc and basinal facies assemblages to the north of the project area, and parautochthonous North American, represented by the Lake George assemblage on the Tanacross project.

Sixtymile area porphyry occurrences including those on the Tanacross Property and the Road Metal prospect are associated with Late Cretaceous alkaline to calc-alkaline porphyry stocks and dyke swarms emplaced into upper crustal, moderately reduced mid Cretaceous granite to monzogranite. These mineralized systems are characterized by porphyry Cu-Mo(-Au) styles of mineralization.

Late Cretaceous calc-alkaline high level porphyry stocks, dykes and breccias intruded into Yukon-Tanana Terrane and parautochthonous North America are spatially associated with prominent northwest trending dextral strike slip faults (79-72 Ma), i.e. Big Creek fault, and slightly younger sinistral oblique extensional strike slip faults (72-67 Ma), i.e. Sixtymile-Pika fault and Dip Creek fault. Associated mineralization includes Casino ( $74.3 \pm 0.5$  Ma) and Taurus ( $71.4 \pm 0.9$  Ma) both porphyry Cu-Mo-Au deposits. It has been suggested by some that these intrusions are not arc related. Alternative suggestions include slab break-off, lithospheric delamination and mantle plum related magmatism. Using U-Pb zircon geochronology, whole-rock geochemistry and Pb isotopes, some have concluded that Mesozoic intrusions have calc-alkaline arc composition and that Late Triassic, Early Jurassic, and Late Cretaceous magmas are mantle derived but extensively contaminated by upper crustal components, while the mid-Cretaceous magmas were derived from upper crustal sources, probably thickened mid-Paleozoic basement. It is proposed the Late Cretaceous granitoids reflect asthenospheric upwelling following slab breakoff and sinking of an inactive inner subduction zone after the outer Farallon subduction zone was established.

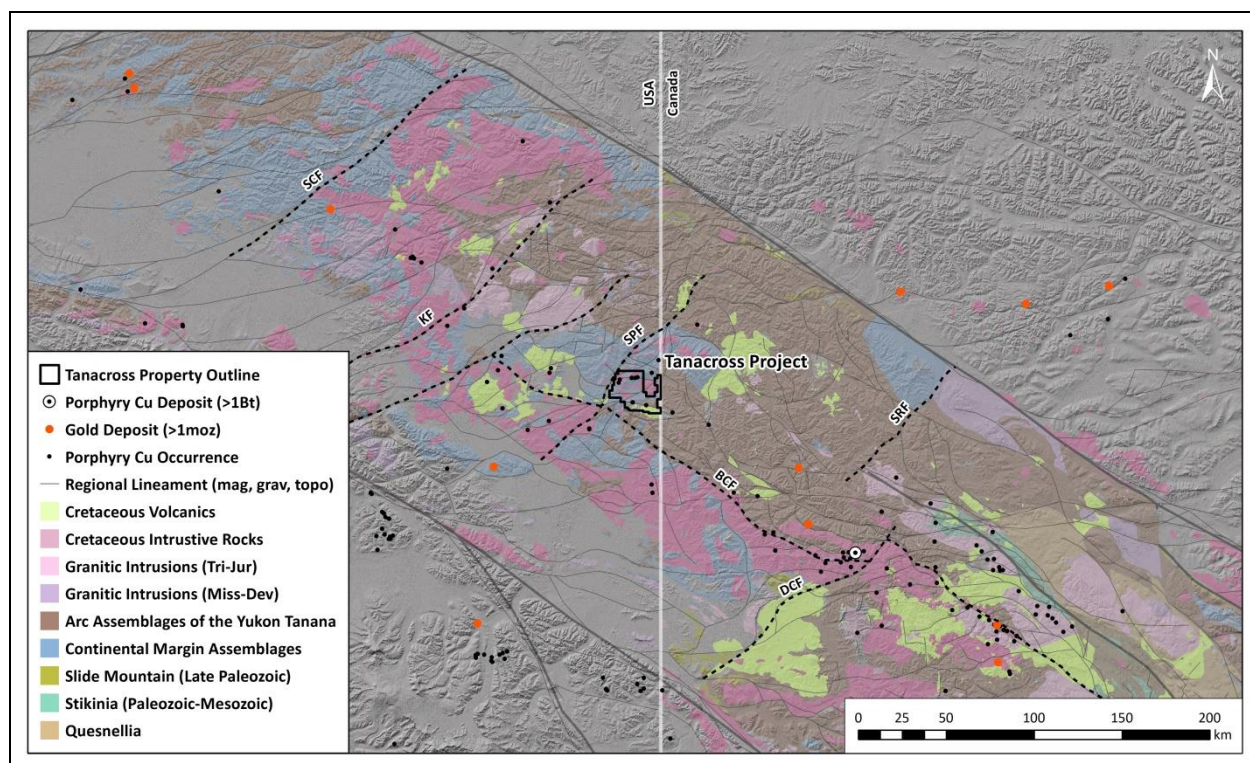


Figure 5: Geologic Map Yukon-Tanana Uplands showing project locations and major Cretaceous fault systems. Fault abbreviations: SCF = Shaw Creek Fault, KF = Kechumstuk Fault, SPF = Sixtymile-Pika Fault, SRF = Stewart River Fault, DCF = Dip Creek Fault, and BCF = Big Creek Fault.

Geology of the Tanacross Property is characterized by a series of Late Cretaceous intrusive stocks, dykes and breccias emplaced into the metamorphic Lake George assemblage basement rock. The metamorphosed basement rocks intersected in drilling include orthogneiss, paragneiss, augen gneiss, schist, amphibolite and heterolithic gneiss breccia. Intrusive phases include granite, gabbro, pegmatite, quartz-latite, monzonite, quartz-monzonite, quartz-monzonite porphyry, feldspar-porphyry, quartz- feldspar porphyry, intrusion breccia, granodiorite and diorite porphyry.

The property has at least three discrete, mappable, porphyry systems representative of multiple pulses of mineralization spanning approximately 6 million years. Bluff and Taurus are the oldest, with Taurus emplaced between ca. 69.8-71.5 Ma (U/Pb zircon), and Bluff at (ca. 71.4-71.6 Ma). East Denison is younger with altered quartz porphyry dykes emplaced at 68.7 Ma (U/Pb zircon) with overprinting hydrothermal sericite-tourmaline-pyrite at ca. 65.8 Ma (40Ar/39Ar, sericite).

The metamorphic basement augen gneiss has been mapped by the Alaska State Geological survey (Division of Geological & Geophysical Surveys) as the Mississippian Divide Mountain formation belonging to the Lake George assemblage, and has been dated by U-Pb at from 342±2.0 Ma to 370.6±9.6 Ma.

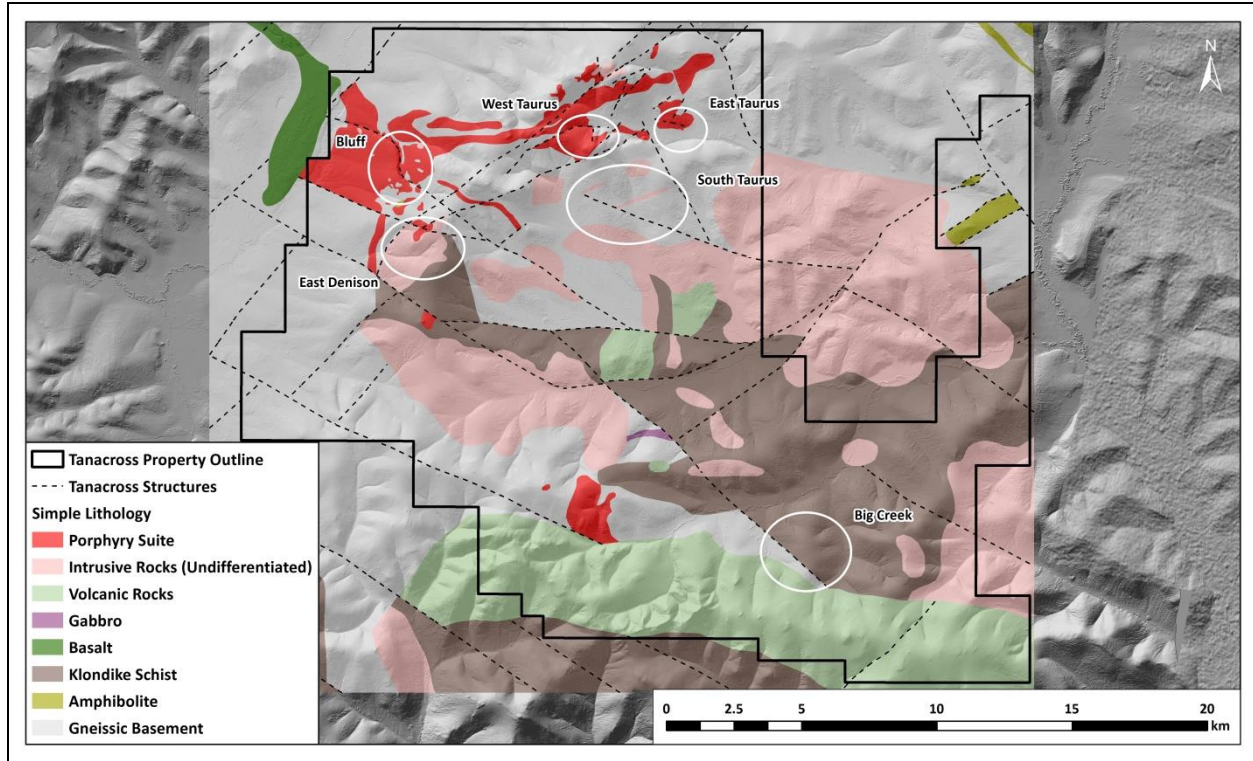


Figure 6: Project Geology Map (2019 interpretation).

## 5. Exploration

Kenorland has been exploring the Tanacross Project since 2017 focusing on the regional soil geochemical surveys, helicopter supported airborne ZTEM and magnetic survey, and mapping of the bluff area. Between 2017 and 2018 1,399 ridge-and-spur soil samples were collected covering the property. Grid geologic mapping-prospecting and soil sampling of the Bluff prospect covering an area 2.3kmx2.7km was completed in 2019. A total of 764 data points were sampled from which 442 rock samples and 661 C or B horizon soil samples were collected.



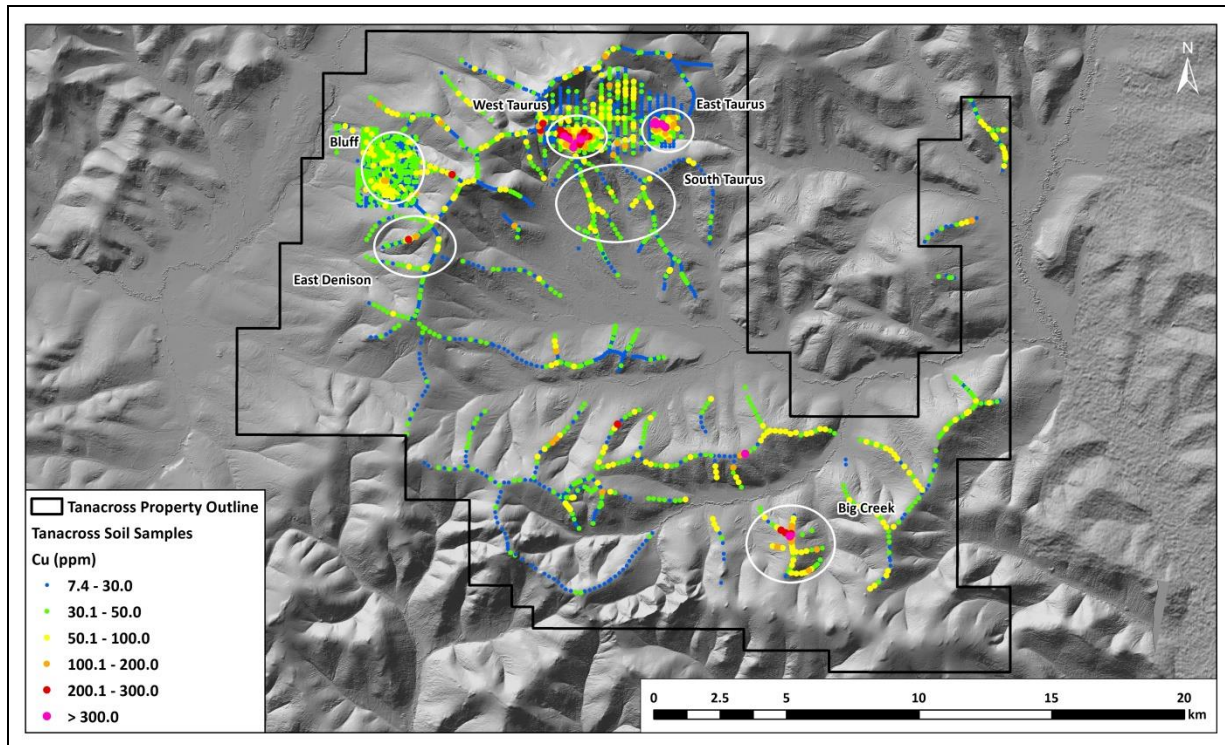


Figure 7: Map showing copper (ppm) soil geochemistry and target areas; historic soil samples and Kenorland collected soils (2017-2019).

From November 6th to December 4th, 2018 and June 9th to June 26th, 2019 Geotech Ltd. of North, Aurora, Ontario, Canada carried out a helicopter-borne geophysical survey for Kenorland over the Tanacross Project. A total of 1556 line-km on 74 lines of geophysical data were acquired during the survey.

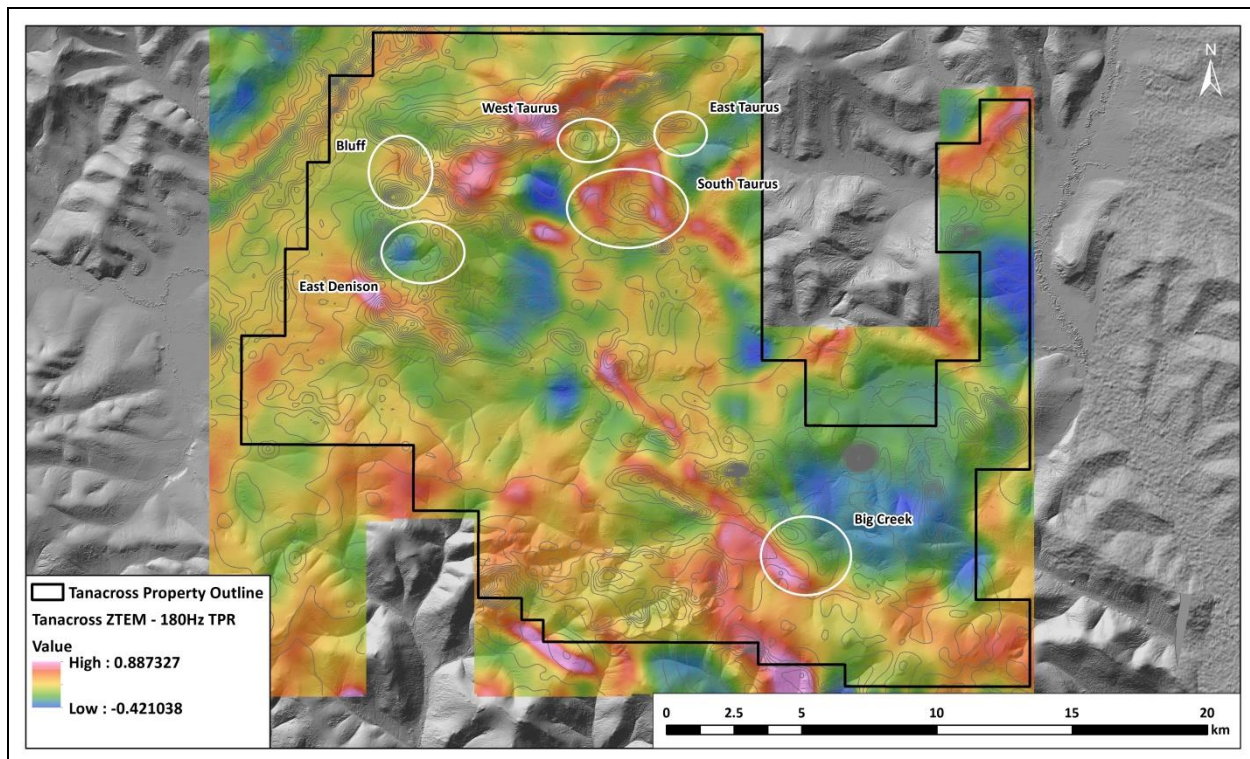


*Figure 8: Map showing VTEM survey (180Hz TPR) with magnetic contours and target areas.*

## 6. Mineralization

Historical exploration on the Tanacross Property has identified several target areas with known mineralization including East Taurus, West Taurus, Bluff, East Denison and Big Creek. Drill results have defined East Taurus as the most significant Cu-Mo-Au-Ag porphyry mineralized system known to date. Mineralization is associated with porphyritic quartz-monzonite, equigranular quartz-monzonite, and quartz-eye granite porphyry dyke swarms. Tourmaline quartz breccias are present across the prospects. Alteration associations in these systems are dominated by hydrolytic assemblages, local proximal potassic zones, and abundant magnetite-chlorite-albite and chlorite-epidote dominant assemblages. Mineralization assemblages are characterized by pyrite-dominant, pyrrhotite-bearing, chalcopyrite-molybdenite with weak gold. Distally, galena  $\pm$  sphalerite is present, with associated epidote-chlorite-sericite  $\pm$  magnetite assemblages. Pushbush is located about 14km south of the Taurus, Bluff, and East Denison occurrences. The prospect is characterized by molybdenum-base metal mineralization hosted in sericitically altered volcanic rocks. Nearby, the volcanic rocks have been dated at ~57 Ma (U/Pb, zircon).

East Taurus contains a well mineralized multi-phase porphyry Cu-Au-Mo-Ag system with a core of potassic alteration (K-feldspar-biotite-magnetite) and quartz stockwork surrounded and overprinted by later Quartz-sericite-pyrite-clay (“QSP”)  $\pm$  chlorite/illite alteration. The surface expression of East Taurus is defined by an elongated magnetic high feature and weak moderate chargeability defined by the 2019 ZTEM survey associated with soil metal associations of Cu-Mo-Au-Ag  $\pm$  Zn-Pb-Sb-Tl. The soil anomalism of Cu (> 50 ppm) and Mo (> 5 ppm) correlate well, and define a footprint approximately 1.1km x 1.0km, with the greatest anomalism showing an east-west trend.

The core zone of potassic alteration is elongated in an east-northeast to west-southwest direction and has been intersected by drilling over an 800m length, varying from 100m to 200m wide. The current known extent of the potassic altered core is flanked on the north side and to depth by a late diorite-granodiorite intrusive phase which geometry is currently unknown and will require additional drilling to determine. Further outward to the northwest and at depth are weakly to unmineralized intrusive phases (quartz-monzonite porphyry, granodiorite and granite), and unmineralized country gneissic and schist rocks. To the south, is a fairly short transition from potassic to high temperature quartz-chlorite-sericite-pyrite alteration within the intrusive phases which grades out to quartz-sericite-pyrite alteration to the south through the intrusive-country rock contact. The well mineralized potassic and quartz-chlorite-sericite-pyrite altered core is open to the west and northeast at depth.

Potassic alteration of the feldspar porphyry and crowded quartz-monzonite porphyry is characterised by fine grained pervasive K-spar-biotite-chlorite-magnetite altered groundmass with early dark grey quartz-chlorite-magnetite stockwork and strong quartz-chlorite-magnetite-chalcopyrite-pyrite-molybdenite veins. This gradually transitions at depth towards the south to a quartz-chlorite-sericite dominant alteration with moderate dark grey quartz-magnetite-chlorite-pyrite-chalcopyrite-molybdenite stockwork and then further grading outward to quartz-sericite dominant alteration with weak quartz-pyrite veining.

West Taurus encompasses a significant area of quartz-chlorite-sericite-pyrite-magnetite with local K-feldspar alteration containing quartz-molybdenite  $\pm$  chalcopyrite stockwork veining hosted within intrusion breccias and quartz latite rocks. The system zones outward into widespread quartz-sericite-pyrite alteration. The surface expression of West Taurus is defined by a circular magnetic high feature correlating with a chargeability low defined by the 2019 ZTEM survey associated with the metal assemblages of Cu-Mo-Au-Ag  $\pm$  Bi. The soil anomalism of Cu (> 50 ppm) and Mo (> 5 ppm) correlate well, and define an east-west trending oval shaped footprint approximately 2.0km x 1.0km.

The Bluff area is underlain by a large alteration system characterised by overprinting zones of quartz-sericite-pyrite, chlorite-sericite, silicification, tourmaline, and rarely identified K-spar-biotite alteration. The surface expression of Bluff is defined by low magnetics and moderate chargeability defined by the 2019 ZTEM survey (Figure 7-5). Soil geochemistry is characterised by weakly anomalous Cu-Mo-Tl with localized zones of strong Au-Sb-W anomalism. The alteration footprint is widespread covering an area 2.5km x 2.0km, dominated by quartz-sericite-pyrite  $\pm$  clay alteration and several centers of intense tourmaline alteration (which may be interpreted as tourmaline breccia

pipes). The anomalous metal associations in soil geochemistry, and widespread QSP±clay and tourmaline alteration could suggest that the surface preservation level is high within a porphyry hydrothermal system.

## 7. Drilling

A total of 9,056.85m of diamond drilling was completed in 15 holes by A.C.A. Drilling of Fairbanks, Alaska, using two CS14 surface core drill rigs. Drilling was completed over a 63-day period from the 31st of May to the 1st of August 2019. Drilling was completed on the East Taurus, West Taurus and Bluff prospects. Targeting at East and West Taurus utilized coincident Cu, Mo and Au soil geochemical anomalies, historic drill data and the 1996 Ground IP and magnetic surveys data. Targeting at Bluff was completed using the new geological map, anomalous soil geochemistry, the 2008 Bluff IP data, and areas of strongest alteration and quartz veining observed at surface.

In total, 4 drill holes (3,100.29m) at East Taurus, 8 drill holes (3,617.98m) at West Taurus, and 3 drill holes (2,338.58m) at Bluff were completed by Kenorland in 2019. A summary of the drilling is presented in Table 2, and Figure 9.

*Table 2: Tanacross diamond drill hole information completed by Kenorland.*

| Target Area | HOLE ID  | UTM East | UTM North | Elevation (m) | Azimuth (degrees) | Dip (degrees) | EOH (m) |
|-------------|----------|----------|-----------|---------------|-------------------|---------------|---------|
| Bluff       | 19BLD053 | 476418   | 7056897   | 830           | 45                | -55           | 900.99  |
|             | 19BLD056 | 476535   | 7055550   | 885           | 330               | -55           | 595.43  |
|             | 19BLD057 | 476418   | 7056764   | 840           | 130               | -55           | 842.16  |
| East Taurus | 19ETD049 | 486753   | 7058265   | 887           | 151               | -67           | 995.48  |
|             | 19ETD050 | 487018   | 7057955   | 830           | 139               | -66           | 751.03  |
|             | 19ETD051 | 486682   | 7058047   | 869           | 146               | -56           | 617.38  |
|             | 19ETD052 | 487023   | 7058163   | 844           | 130               | -54           | 736.4   |
| West Taurus | 19WTD043 | 483021   | 7057302   | 1103          | 55                | -62           | 490.73  |
|             | 19WTD044 | 482391   | 7057868   | 1161          | 312               | -58           | 401.12  |
|             | 19WTD045 | 484019   | 7057143   | 1095          | 271               | -65           | 428.85  |
|             | 19WTD046 | 483470   | 7057234   | 1088          | 122               | -65           | 342.29  |
|             | 19WTD047 | 483303   | 7057025   | 1102          | 18                | -61           | 529.44  |
|             | 19WTD048 | 483257   | 7057257   | 1085          | 92                | -65           | 699.52  |
|             | 19WTD054 | 482622   | 7055767   | 860           | 226               | -55           | 276.15  |
|             | 19WTD055 | 482621   | 7055769   | 860           | 260               | -55           | 449.88  |



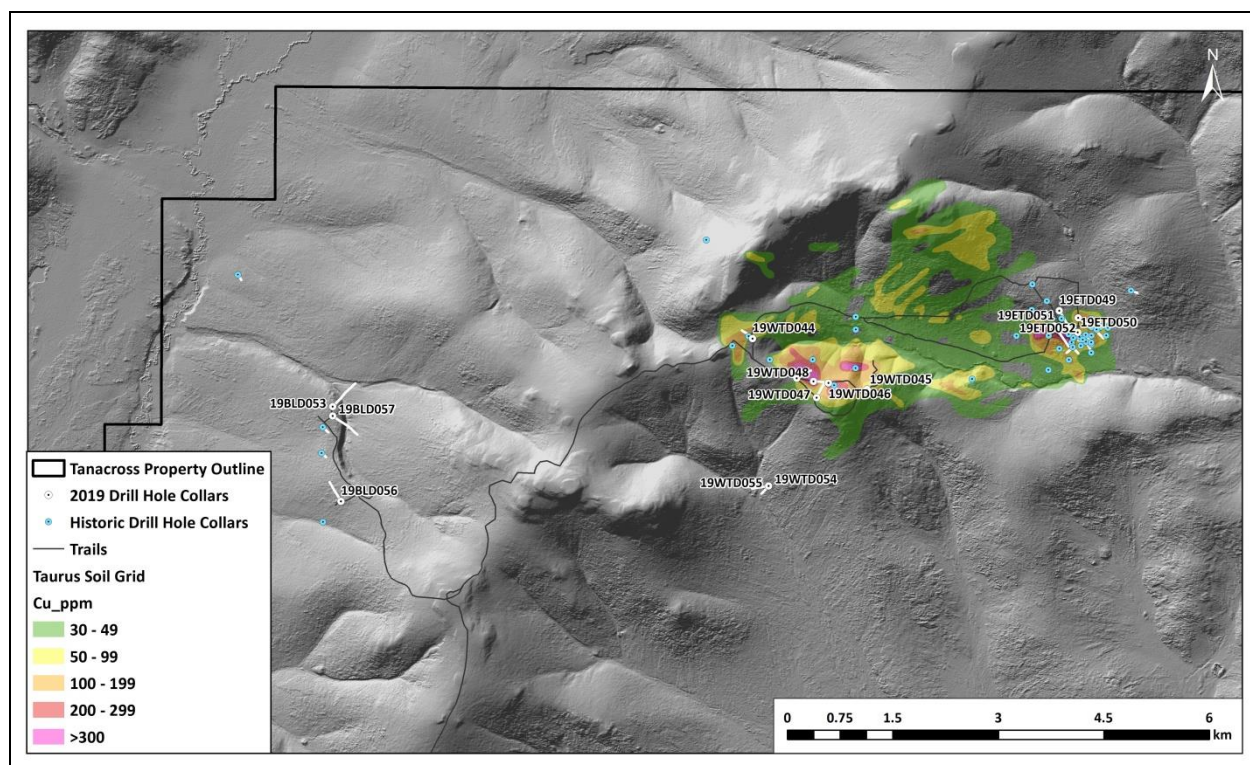


Figure 9: Diamond drill hole locations on the Tanacross Project, completed 2019.

Drill holes completed at East Taurus confirmed areas of strong Cu-Au-Mo mineralization intersected in historical drilling, as well as expand the known mineralization to the west (19ETD051) and to the north (19ETD049). West Taurus drilling identified zones of anomalous molybdenum, but copper and gold values overall were very low. Bluff drilling intersected large intervals of strong to intense QSP alteration but assays returned were very weak. Notable assays returned from the drilling completed by Kenorland are summarized in Table 3. There has been insufficient work completed on the property to accurately determine orientation of mineralisation. All intercepts should be considered to be length of core.

Table 3: A summary of notable results from the 2019 drill program.

| Target Area | HOLE ID       | From (m) | To (m) | Length (m) | Au (ppm) | Cu (%) | Mo (%) | Ag (ppm) |
|-------------|---------------|----------|--------|------------|----------|--------|--------|----------|
| East Taurus | 19ETD049      | 200.0    | 320.0  | 120.0      | 0.068    | 0.075  | 0.009  | 0.95     |
|             | Including     | 233.0    | 261.5  | 28.5       | 0.084    | 0.098  | 0.016  | 0.77     |
|             | 19ETD050      | 105.0    | 390.0  | 285.0      | 0.159    | 0.225  | 0.036  | 1.08     |
|             | Including     | 130.5    | 285.0  | 154.5      | 0.234    | 0.309  | 0.049  | 1.34     |
|             | 19ETD051      | 2.1      | 414.5  | 412.4      | 0.115    | 0.107  | 0.015  | 1.17     |
|             | Including     | 96.5     | 198.5  | 102.0      | 0.171    | 0.125  | 0.023  | 1.41     |
|             | And Including | 269.0    | 342.5  | 73.5       | 0.130    | 0.167  | 0.015  | 1.20     |
|             | 19ETD052      | 3.5      | 26.0   | 22.5       | 0.099    | 0.064  | 0.012  | 0.71     |
|             | And           | 635.0    | 657.5  | 22.5       | 0.065    | 0.119  | 0.020  | 0.65     |

| Target Area | HOLE ID   | From (m) | To (m) | Length (m) | Au (ppm) | Cu (%) | Mo (%) | Ag (ppm) |
|-------------|-----------|----------|--------|------------|----------|--------|--------|----------|
| West Taurus | 19WTD043  | 1.5      | 94.5   | 93.0       | 0.076    | 0.030  | 0.007  | 1.33     |
|             | Including | 91.5     | 94.5   | 3.0        | 0.961    | 0.122  | 0.012  | 3.69     |
|             | 19WTD044  | NSV      |        |            |          |        |        |          |
|             | 19WTD045  | 122.0    | 164.0  | 42.0       | 0.030    | 0.046  | NSV    | 2.83     |
|             | And       | 281.0    | 296.0  | 15.0       | 0.096    | 0.065  | 0.001  | 2.08     |
|             | 19WTD046  | 1.5      | 197.5  | 196.0      | 0.047    | 0.047  | 0.013  | 0.99     |
|             | Including | 1.5      | 57.0   | 55.5       | 0.072    | 0.055  | 0.015  | 1.20     |
|             | 19WTD047  | NSV      |        |            |          |        |        |          |
|             | 19WTD048  | 69.0     | 105.0  | 36.0       | 0.016    | 0.026  | 0.019  | 0.69     |
|             | And       | 369.0    | 397.5  | 28.5       | 0.012    | 0.062  | 0.005  | 1.32     |
|             | And       | 484.5    | 516.0  | 31.5       | 0.009    | 0.045  | 0.003  | 0.83     |
|             | 19WTD054  | NSV      |        |            |          |        |        |          |
|             | 19WTD055  | NSV      |        |            |          |        |        |          |
| Bluff       | 19BLD053  | 214.5    | 240.0  | 25.5       | 0.021    | 0.019  | 0.002  | 0.12     |
|             | 19BLD056  | 84.0     | 178.5  | 94.5       | 0.033    | 0.042  | 0.002  | 0.35     |
|             | Including | 94.5     | 106.5  | 12.0       | 0.052    | 0.071  | 0.002  | 0.35     |
|             | And       | 189.0    | 216.0  | 27.0       | 0.015    | 0.029  | 0.002  | 0.40     |
|             | 19BLD057  | 543.5    | 567.5  | 24.0       | 0.013    | 0.029  | 0.001  | 0.16     |
|             | And       | 588.5    | 621.5  | 33.0       | 0.010    | 0.026  | 0.002  | 0.26     |
|             | And       | 674.0    | 713.0  | 39.0       | 0.009    | 0.025  | 0.001  | 0.12     |

## 8. Sampling and Analysis

Drill core was placed in core boxes at the rig by the drillers and wooden blocks were marked with downhole depth in feet at the end of every run. Core was transported to the core logging area by the drillers or Kenorland contractors where it was processed and sampled. Geotechnical staff fitted core back together as best as possible, converted footages on blocks to metres, and marked metres for each box on the ends and top rung of the core boxes. Measurements for core recovery and rock quality designation were collected and recorded on tablets linked to MX Deposit, a cloud-based drill hole logging software. The drill core was logged by experienced geologists for lithology, alteration, mineralization, vein type and vein density.

The core was cut in half using a core saw and both halves placed back in the box. Samples were subsequently collected from half core and placed in pre-numbered calico bags with the corresponding assay tag placed in the bag. Rocks were prepared for analysis at Bureau Veritas labs in Fairbanks, Alaska, by first crushing to a where more than 70% of the 1kg of sample passes through a 2mm mesh, a 250g split was then pulverized until 80% of the sample passes through a 75µm mesh (code PRP70-250). Prepped samples were then shipped to Bureau Veritas labs in Vancouver, Canada, for analysis.

Following preparation of the sample (PRP70-250) a 30g subsample pulp was split from the 250g sample for fire assay (LAB CODE: FA430). This was fused in an assay furnace to form a lead bead, and then analyzed for gold by Atomic Absorption Spectroscopy (AAS). The detection limit is 0.005 ppm with an upper limit of 10 ppm Au. A 0.25g subsample pulp was analyzed for multielement geochemistry (LAB CODE: MA350); heated in HNO<sub>3</sub>, HClO<sub>4</sub> and HF to fuming and taken to dryness, the residue was dissolved in HCl. The resultant liquid was analysed for the 59 elements using inductively coupled plasma mass spectrometry (ICP-MS). The following elements are reported Ag, Al, As, Ba, Be, Bi, Ca, Cd, Ce, Co, Cr, Cs, Cu, Dy, Er, Eu, Fe, Ga, Gd, Hf, Ho, In, K, La, Li, Lu, Mg, Mn, Mo, Na, Nb, Nd, Ni, P, Pb, Pr, Rb, Re, S, Sb, Sc, Se, Sm, Sn, Sr, Ta, Tb, Te, Th, Ti, Tl, Tm, U, V, W, Y, Yb, Zn, Zr (MA250).

## 9. Security of Samples

Samples were processed in secured areas at all times during the 2019 exploration program, at a remote field camp during active drilling, logging of core, and core splitting, and under the supervision of select personnel in closed mega bags during transportation.

Samples were bagged into rice sacs and then into larger Mega Bags for short term storage and subsequent transportation. Twenty selected high priority samples from West Taurus were flown from site to Tok and then delivered to the Bureau Veritas laboratories in Fairbanks, Alaska by Horst Expediting and Remote Operations, Inc. based in Fairbanks, Alaska. Seven Mega Bags were loaded onto a wheeled trailer and hauled overland to the Taylor highway behind a bulldozer. The remaining 24 mega bags were slung out to the Taylor highway by A-Star B3 helicopter to an awaiting transport truck operated by Horst Expediting and Remote Operations, Inc., samples were directly transported to Bureau Veritas in Fairbanks for sample preparation and the prepared samples subsequently sent to the Bureau Veritas laboratories in Vancouver for analysis.

## 10. Mineral Resources and Mineral Reserves

There currently are no mineral resources or reserves on the Tanacross project that comply with the CIM Standards on Mineral Resources and Reserves Definitions and Guidelines adopted by CIM Council.

## 11. Exploration and Development

Based on the encouraging results obtained to date, including the significant Cu-Mo-Au mineralization at East Taurus, large alteration systems at West Taurus and Bluff, and addition regional targets untested by drilling to date, continued exploration is warranted. Recommended programs include the completion of soil grid geochemical surveys and mapping over the regional target areas (South Taurus, East Denison and Big Creek) to develop drill targets, and diamond drilling including step-out drill holes at East Taurus and initial drill testing at the regional areas where prospective drill targets have been identified. A budget of \$2.0 million is recommended for this program, including annual claim rental fees. A summary of the cost breakdown is resented in Table 4.

*Table 4: Recommended work program budget.*

| <b>Recommended Tanacross Program Budget</b><br><b>Diamond Drill Program (2200m)</b><br><b>Soil Sampling Program (4000 Samples)</b> |             |
|------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Camp                                                                                                                               | \$61,721    |
| Claim Maintenance and Renewal                                                                                                      | \$170,932   |
| Drilling                                                                                                                           | \$767,170   |
| Geochemistry                                                                                                                       | \$307,845   |
| Operations                                                                                                                         | \$175,104   |
| Personnel                                                                                                                          | \$256,358   |
| Sub-Total                                                                                                                          | \$1,739,130 |
| Contingency (15%)                                                                                                                  | \$260,870   |
| Total (CAD)                                                                                                                        | \$2,000,000 |

### ***Chebistuan Project***

Kenorland currently holds a 100% interest in the Chebistuan gold project, located in Quebec (the “**Chebistuan Project**”). The Chebistuan Project was acquired primarily through staking with supplemental claims acquired through options with third parties. Kenorland has granted an option to Goldcorp Canada Ltd., a subsidiary of Newmont Corporation to acquire up to an 80% interest in the Chebistuan Project pursuant to an exploration agreement with a venture option between Kenorland and Goldcorp Canada Ltd. dated July 17, 2020.

The Chebistuan Project is an ~120,000 hectares district scale exploration opportunity within the prolific, Abitibi Greenstone Belt. The Chebistuan Property is one of the largest contiguous land packages in the Abitibi (120,000 hectares) that covers ~95km of a series of crustal scale deformation zones and 140km of highly prospective sedimentary-volcanic rock contacts. The project is located 30km west of the town of Chibougamau, Quebec, the largest town in Nord-du-Quebec.

The Abitibi Greenstone Belt is comprised of highly deformed packages of Archean volcanic rocks, siliciclastic sedimentary basins and coeval intrusive rocks. Deformation along major corridors began in the northern Abitibi with the docking of the Opatika terrane and progressively verged southward forming major gold deposits between 2700 Ma at Detour Lake in the north to < 2670 Ma along the Cadillac – Larder Lake & Porcupine – Destor deposits in the south. The property covers a major deformation zone which juxtaposes two volcanic assemblages similar to the Detour Lake deposit geology. First order Au-controlling structures are often located on the margins of clastic sedimentary basins in close proximity to volcanic rocks. The Chebistuan Property contains 140km of such contacts highlighting the Au-perspectivity of the area.

Through spatial analysis of historic exploration Kenorland identified the Chebistuan project area as having very low exploration maturity when compared to the other areas within the Abitibi Greenstone belt. Within the project area a total of 372 historic drill holes have been drilled predominantly targeting geophysical anomalies for Cu-Au targets similar to those of the historic Chibougamau Au-Cu Mining Camp. Very little regional systematic exploration has been conducted. Additionally, pre-competitive government geochemical sampling was dominated by O-Ah horizon soil sampling during the 1980's which lacked adequate detection limits to target low levels of Au in glacial sediment. Stream sediment sampling during the 1980's was restricted to the eastern portion of the property with a focus on base metal exploration lacking analysis for Au or other precious metals.

### ***Chicobi Project***

Kenorland also currently holds a 49% interest in the Chicobi gold project located in Quebec (the “**Chicobi Project**”). The Chicobi Project was acquired through staking. Kenorland has granted an option to SMMCL to acquire up to a 70% interest in the Chicobi Project pursuant to an earn-in option agreement between Kenorland and SMMCL dated February 15, 2019. SMMCL has earned a 51% interest in the Chicobi Project as a result of expending \$4,900,000 on the Chicobi Project on or before May 31, 2022. SMMCL has the right to acquire a further 19% interest by expending an additional \$10 million within three years.

The Chicobi Project covers 41,775 hectares and over 45km of strike along the Chicobi Deformation Zone (“**CDZ**”), a major, yet under-explored structural break transecting the Abitibi Greenstone Belt of Ontario and Quebec. The CDZ is analogous to the other major breaks hosting world-class Au deposits of the Abitibi, such as the Cadillac-Larder Lake, Casa-Berardi, and Sunday Lake – Lower Detour deformation zones, and has the potential to host significant orogenic gold and VMS mineralization. The project is located 30km northeast of the town of Amos, Quebec.

The CDZ is a laterally extensive feature, which spans over 400km across the Abitibi Greenstone Belt. Reflection seismic and magneto-telluric studies suggest the CDZ could represent the surface expression of a crustal-scale to trans-lithospheric structure, which would have acted as a conduit for mineralizing fluids. The stratigraphy along the CDZ consists of volcanic rocks of the Kidd-Munro and Stoughton-Roquemaure Assemblages, which have been structurally juxtaposed against clastic sediments and iron formations of the Porcupine Assemblage. Extensive polymictic conglomerates occur along the structural corridor of the CDZ, which are analogous to other late-basin sedimentary rocks spatially associated with mineralized systems elsewhere in the Abitibi (i.e. Timiskaming, Opemisca). The crustal architecture of the CDZ combined with favorable lithological constraints places the Chicobi Project in an optimal setting to host significant orogenic gold and VMS mineralization.

In general, the CDZ has seen far less exploration than the other major deformation zones throughout the Abitibi. The majority of historic exploration conducted throughout Kenorland's claim package consisted of targeting conductive bodies identified from airborne electromagnetic surveys in the 1970's and 1980's. Although gold and base-metal mineralization was discovered during these early campaigns, the area has seen very little follow-up exploration largely due to the challenges related to extensive quaternary cover sequences. Significant occurrences associated with the CDZ include the Destiny gold deposit, which occurs seven kilometres north of the Chicobi Project as well

as known VMS systems directly adjacent to the property. The Normetal mine, which is also spatially associated with the CDZ, occurs near the Quebec-Ontario border. Kenorland views these as a positive indication that this structural corridor is fertile as it has seen auriferous fluid flow and contains prospective volcanic assemblages for VMS mineralization.

The Chicobi Project was acquired by Kenorland through map staking in October 2016 and was optioned to NX Gold Ltd. (“**NX Gold**”) in April, 2017. NX Gold completed a 2D crustal-scale reflection and refraction seismic survey and an airborne VTEM-magnetic survey in 2017-2018. Kenorland received 100% of the property back after NX Gold terminated the option agreement in May 2018. In the summer of 2019, SMMCL funded a 230 hole sonic drilling program targeting glacial till that lies beneath ~10m of glaciolacustrine clay that covers much of the Abitibi Greenstone Belt. Sonic drill holes were drilled along existing access corridors on an approximate 3.2km x 500m grid and averaged 16m in depth. A complete section of the glacial stratigraphy was collected as well as a top of bedrock sample. Glacial till samples were sent for several different analyses: fine-fraction geochemistry, gold grain counts, heavy mineral concentrate assays, and hyperspectral analysis on pebbles. All top of bedrock samples were sent for lithochemical and assay analyses. An additional 120 sonic drill hole program is being completed in the winter of 2020 infilling to an approximate 800m x 500m grid in areas of elevated gold anomalism discovered the 2019 sonic drill till sampling program.

### ***Hunter Project***

Kenorland currently holds a 100% interest in the Hunter gold project, located in Quebec (the “**Hunter Project**”). The Hunter Project was acquired through staking in July 2020, and Kenorland is currently seeking a partner to fund future exploration on the project. The Hunter Project is located adjacent to the southeast corner of Lac Abitibi, approximately 80km west of the town of Amos, Quebec.

The Hunter Project covers 19,534 hectares within the Abitibi Greenstone Belt, one of the largest VMS districts in the world (>750 Mt endowment). Deposit types targeted within the Hunter land package are syn-volcanic polymetallic mineralization (Au-VMS and/or Au-porphyry), with examples including the Horne 5, laRonde, Cote Lake, and Windfall deposits all located within the Abitibi Greenstone Belt. The Hunter Project area covers a large calc-alkaline felsic volcanic complex, part of the Deloro volcanic assemblage in proximity to the stratigraphic contact with the Stoughton-Roquemaure assemblage. The same geologic setting which hosts many of the major VMS camps within the Abitibi Greenstone Belt. The majority of the property is covered in glaciolacustrine clay with very little bedrock exposure; one of the main reasons why the district has seen significantly less historical exploration compared to other prospective districts. Several historic Au-Cu-Ag bedrock mineral occurrences exist within the Hunter Project land package, along with significant results encountered in previous overburden drilling program targeting glacial till that lies beneath ~10m of glaciolacustrine clay. Kenorland’s work proposal includes property wide, systematic testing of the glacial till through sonic drilling, following the exploration technique employed at Kenorland’s Chicobi Project.

### ***Benoist Project***

Kenorland currently holds a 100% interest in the Benoist gold project, located in Quebec (the “**Benoist Project**”). The Benoist Project was acquired through staking in June 2020. A LIDAR survey was completed over portions of the property in September 2020, and Kenorland is currently performing an initial regional soil geochemical survey. The Benoist Project is located 160km northeast of the town of Amos, Quebec.

The Benoist Project covers 27,595 hectares within the Abitibi Greenstone Belt, covering approximately 15km of the Casa Berardi Deformation Zone (“**CBDZ**”). The CBDZ is a laterally extensive east-west trending structure which spans over 400km transecting the Abitibi Greenstone Belt, is marked by polymictic conglomerates and structurally juxtaposes Kidd-Munro and Stoughton-Roquemaure Volcanic Assemblages in the Benoist Project area. The CBDZ crustal architecture represents a primary control for conduits of orogenic Au mineralizing fluids within the Abitibi Greenstone Belt, combined with favorable lithological constraints places the Benoist Project in an optimal setting to host significant orogenic gold and VMS mineralization. The Benoist Project also encompasses second order structures believed to control the Pusticamica Au deposit (Cartier Resources; Benoist Project) located about 3km west of the property boundary. The northeastern property boundary abuts up against the Le Tac Project (SOQuem Inc. and Niobay Metals Inc. joint venture).



## Selected Financial Information

### Annual Information

The following tables set forth selected historical information for Kenorland for the years ended December 31, 2019 and December 31, 2018, and for the six-month period ended June 30, 2020. Such information is derived from Kenorland's financial statements, which have been prepared in accordance with IFRS and should be read in conjunction with such statements attached as Schedules "G" and "I", respectively to the accompanying Circular.

| Selected Financial Information       |               |                   |                   |
|--------------------------------------|---------------|-------------------|-------------------|
|                                      | June 30, 2020 | December 31, 2019 | December 31, 2018 |
| <b>Total Revenues</b>                | \$345,437     | \$787,735         | \$124,426         |
| <b>Income (Loss) From Operations</b> | \$(291,786)   | \$(31,882)        | \$(317,252)       |
| <b>Total Income (Loss)</b>           | \$(49,493)    | \$344,489         | \$(476,839)       |
|                                      |               |                   |                   |
| <b>Total Assets</b>                  | \$4,381,621   | \$2,993,942       | \$1,526,900       |
| <b>Total Long-Term Liabilities</b>   | \$40,973      | \$29,487          | -                 |
| <b>Total Liabilities</b>             | \$1,119,487   | \$876,008         | \$327,227         |
| <b>Cash Dividends Declared</b>       | -             | -                 | -                 |
|                                      |               |                   |                   |
| <b>Total Expenses</b>                | \$637,223     | \$819,617         | \$441,678         |

### Quarterly Information

The following table provides certain selected financial information for the three-month and six-month periods ended June 30, 2020.

| Selected Financial Information       |                                     |           |                                   |            |
|--------------------------------------|-------------------------------------|-----------|-----------------------------------|------------|
|                                      | For the three months ended June 30, |           | For the six months ended June 30, |            |
|                                      | 2020                                | 2019      | 2020                              | 2019       |
| <b>Total Revenues</b>                | \$109,640                           | \$243,411 | \$345,437                         | \$340,597  |
| <b>Income (Loss) From Operations</b> | \$(217,513)                         | \$35,841  | \$(291,786)                       | \$(19,507) |
| <b>Total Income (loss)</b>           | \$142,539                           | \$20,813  | \$(49,493)                        | \$238,799  |

## Management's Discussion and Analysis

Management's discussion and analysis of the financial conditions and results of operations of Kenorland for the years ended December 31, 2019 and December 31, 2018, and the six-month period ended June 30, 2020 are attached as Schedules "H" and "J", respectively to the accompanying Circular and should be read in conjunction with the consolidated financial statements of Kenorland for the years ended December 31, 2019 and December 31, 2018, and the six-month period ended June 30, 2020, which are attached as Schedules "G" and "I", respectively to the accompanying Circular.

### Description of the Securities

The authorized share capital of Kenorland consists of an unlimited number of Kenorland Shares and an unlimited number of preferred shares issuable in series ("**Kenorland Preferred Shares**"). As of the date of this Circular there are a total of 15,209,001 Kenorland Shares issued and outstanding, each carrying the right to one vote at all meetings of shareholders of Kenorland. No Kenorland Preferred Shares are issued and outstanding.

Each of the Kenorland Shares is entitled to one vote per Kenorland Share. Each of the Kenorland Shares is entitled to receive an equal share of any dividends and distributions (whether payable in cash or otherwise) as may be declared on the Kenorland Shares from time to time. Each of the Kenorland Shares is entitled, in the event of any

liquidation, dissolution or winding-up of Kenorland (whether voluntary or involuntary), to receive in equal amounts per Kenorland Share, the assets of Kenorland available for liquidation.

Each of the Kenorland Preferred Shares is entitled to one vote per Kenorland Preferred Share. Each of the Kenorland Preferred Shares is entitled with respect to the payment of dividends and the distribution of assets or return of capital in the event of liquidation, dissolution or winding-up of Kenorland, or any other return of capital or distribution of the assets of Kenorland among its shareholders for the purpose of winding-up its affairs, rank on a parity with the Kenorland Preferred Shares of every other series and be entitled to preference over the Kenorland Common Shares and over any other shares of the Kenorland ranking junior to the Kenorland Preferred Shares. The Kenorland Preferred Shares of any series may also be given such other preferences, not inconsistent with these articles, over the Kenorland Shares and any other shares of the Kenorland ranking junior to such Kenorland Preferred Shares.

The Kenorland Board will be entitled fix from time to time before such issue, the number of shares which is to comprise each series and the designation, special rights and restrictions attached to each series of Kenorland Preferred Shares including, without limiting the generality of the foregoing, the rate or amount of dividends or the method of calculating dividends, the dates of payment thereof, the redemption, purchase and/or conversion prices and terms and conditions of redemption, purchase and/or conversion, and any sinking fund or other provisions.

If any cumulative dividends or amounts payable on the return of capital in respect of a series of Kenorland Preferred Shares are not paid in full, all series of Kenorland Preferred Shares will participate rateably in respect of accumulative dividends and return of capital.

### Consolidated Capitalization

The following table sets forth the capitalization of Kenorland on a consolidated basis at the dates indicated below:

| Designation of Security              | Amount Authorized or to be Authorized | Amount Outstanding as at June 30, 2020 | Amount Outstanding as of the date hereof |
|--------------------------------------|---------------------------------------|----------------------------------------|------------------------------------------|
| Kenorland Common Shares              | Unlimited                             | 15,209,001                             | 15,209,001                               |
| Kenorland Preferred Shares           | Unlimited                             | 0                                      | 0                                        |
| Subscription Receipts <sup>(1)</sup> | 10,000,000                            | 0                                      | 10,000,000                               |
| Broker Warrants <sup>(2)</sup>       | 197,410                               | 0                                      | 197,410                                  |
| Kenorland Options <sup>(3)</sup>     | N/A                                   | 3,400,000                              | 3,400,000                                |
| Kenorland RSUs <sup>(4)</sup>        | N/A                                   | 550,000                                | 550,000                                  |

#### Notes:

- (1) For an overview of the terms of the Subscription Receipts see “*Information Concerning the Transaction – Financing*”.
- (2) Each Broker Warrant is exercisable into a Resulting Issuer Share at a price of \$1.00 until the date that is two years following the Closing Date. See “*Information Concerning the Transaction – Financing*”.
- (3) For an overview of the Kenorland Options and their respective exercise price(s) and expiry date(s) see “*Executive Compensation - Stock Options and Other Compensation Securities*”.
- (4) For an overview of the Kenorland RSUs and their respective exercise price(s) and expiry date(s) see “*Information Concerning the Transaction – Principal Steps of the Transaction*”.

### Prior Sales

There is no public market for the Kenorland Shares. The following table sets forth the number and price at which securities of Kenorland have been sold within the 12 months period prior to the date of this Circular.

| Designation of Security | Amount Sold | Price Per Share       | Date of Sale      |
|-------------------------|-------------|-----------------------|-------------------|
| Kenorland Common Shares | 1,259,000   | \$0.50                | February 27, 2020 |
|                         | 780,000     | \$0.50                | March 9, 2020     |
|                         | 100,000     | \$0.15 <sup>(1)</sup> | March 9, 2020     |
| Subscription Receipts   | 10,000,000  | \$1.00                | November 4, 2020  |
| Broker Warrants         | 197,410     | -                     | November 4, 2020  |
| Kenorland Options       | 1,650,000   | \$0.50                | March 2, 2020     |

**Notes:**

(1) Issued pursuant to the exercise of Kenorland Options.

**Stock Exchange**

None of the securities of Kenorland are listed on any stock exchange.

**Executive Compensation**

The following information is presented in accordance with Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers*, and provides details of all compensation for each of the directors and Named Executive Officers of Kenorland for the 12 months ended December 31, 2019 and December 31, 2018.

As of the date of this Circular, Kenorland has one Named Executive Officer, Zachary Flood. Mr. Flood is the Chief Executive Officer of Kenorland and is also a director. Kenorland does not have a Chief Financial Officer. Commencing in July 2020 Enoch Kong began performing the role of Chief Financial Officer in order to assist Kenorland with the preparation of its financial statements for the purposes of the Transaction. Currently, Kenorland has not entered into an employment, consulting or management contract with Mr. Kong for his services as Chief Financial Officer. However, Mr. Kong will become the Chief Financial Officer of the Resulting Issuer following the Transaction. See “*Schedule “F” – Information Concerning the Resulting Issuer – Management*”. In addition to Mr. Flood, Kenorland has one executive officer, Francis MacDonald. Mr. MacDonald is the Executive Vice President of Exploration. There are no other executive officers of Kenorland.

***Director and Named Executive Officer Compensation – Excluding Compensation Securities***

The following table sets out all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by Kenorland to each current and former Named Executive Officer, executive officer or director, in any capacity, for the financial years ended December 31, 2019 and December 31, 2018 and the six-month period ended June 30, 2020.

| Table of Compensation Excluding Compensation Securities              |              |                                                     |            |                                |                           |                                      |                         |
|----------------------------------------------------------------------|--------------|-----------------------------------------------------|------------|--------------------------------|---------------------------|--------------------------------------|-------------------------|
| Name and Principal Position                                          | Period Ended | Salary, consulting fee, retainer or commission (\$) | Bonus (\$) | Committee or meeting fees (\$) | Value of perquisites (\$) | Value of all other compensation (\$) | Total compensation (\$) |
| Zachary Flood<br>Chief Executive Officer and director <sup>(1)</sup> | Jun. 30/20   | \$53,184                                            | Nil        | Nil                            | Nil                       | Nil                                  | \$53,184                |
|                                                                      | Dec. 31/19   | \$72,286                                            | \$10,000   | Nil                            | Nil                       | Nil                                  | \$82,286                |
|                                                                      | Dec. 31/18   | \$53,464                                            | Nil        | Nil                            | Nil                       | Nil                                  | \$53,464                |
| Francis MacDonald<br>Executive Vice President of Exploration         | Jun. 30/20   | \$53,184                                            | Nil        | Nil                            | Nil                       | Nil                                  | \$53,184                |
|                                                                      | Dec. 31/19   | \$72,286                                            | Nil        | Nil                            | Nil                       | Nil                                  | \$72,286                |
|                                                                      | Dec. 31/18   | \$53,464                                            | Nil        | Nil                            | Nil                       | Nil                                  | \$53,464                |
| Alexander Ruggieri<br>Former Director <sup>(2) (3)</sup>             | Jun. 30/20   | Nil                                                 | Nil        | Nil                            | Nil                       | Nil                                  | Nil                     |
|                                                                      | Dec. 31/19   | Nil                                                 | Nil        | Nil                            | Nil                       | Nil                                  | Nil                     |
|                                                                      | Dec. 31/18   | Nil                                                 | Nil        | Nil                            | Nil                       | Nil                                  | Nil                     |
| Peter Meredith<br>Director <sup>(2)</sup>                            | Jun. 30/20   | Nil                                                 | Nil        | Nil                            | Nil                       | Nil                                  | Nil                     |
|                                                                      | Dec. 31/19   | Nil                                                 | Nil        | Nil                            | Nil                       | Nil                                  | Nil                     |
|                                                                      | Dec. 31/18   | Nil                                                 | Nil        | Nil                            | Nil                       | Nil                                  | Nil                     |

**Notes:**

- (1) Mr. Flood receives all of his compensation in his position as Chief Executive Officer and is not compensated in his role as director.  
(2) Mr. Ruggieri and Mr. Meredith do not receive any compensation other than share based compensation in their roles as director.  
(3) Mr. Ruggieri resigned as a director effective November 13, 2020.

**External Management Companies**

Other than as described with respect to Mr. Kong in “Executive Compensation” above, none of the Named Executive Officers or directors of Kenorland have been retained or employed by an external management company which has entered into an understanding, arrangement or agreement with Kenorland to provide executive management services to Kenorland, directly or indirectly.

**Stock Options and Other Compensation Securities**

The following table sets out information concerning the compensation securities granted during the financial year ended December 31, 2019 and the six-month period ended June 30, 2020 to Kenorland Named Executive Officers, executive officers and directors.

| Compensation Securities                                              |                               |                                                                                            |                        |                                          |                                                                        |                                                                   |             |
|----------------------------------------------------------------------|-------------------------------|--------------------------------------------------------------------------------------------|------------------------|------------------------------------------|------------------------------------------------------------------------|-------------------------------------------------------------------|-------------|
| Name and position                                                    | Type of compensation security | Number of compensation securities, number of underlying securities and percentage of class | Date of issue or grant | Issue, conversion or exercise price (\$) | Closing price of security or underlying security on date of grant (\$) | Closing price of security or underlying security at year end (\$) | Expiry date |
| Zachary Flood<br>Chief Executive Officer and director <sup>(1)</sup> | RSU                           | 250,000                                                                                    | Sept. 27/19            | \$0.50                                   | N/A                                                                    | N/A                                                               | Sept. 27/22 |
|                                                                      | Options                       | 500,000                                                                                    | Mar. 2/20              | \$0.50                                   | N/A                                                                    | N/A                                                               | Mar. 2/25   |
| Francis MacDonald<br>Executive Vice President Exploration            | RSU                           | 100,000                                                                                    | Sept. 27/19            | \$0.50                                   | N/A                                                                    | N/A                                                               | Sept. 27/22 |
|                                                                      | Options                       | 350,000                                                                                    | Mar. 2/20              | \$0.50                                   | N/A                                                                    | N/A                                                               | Mar. 2/25   |
| Alexander Ruggieri<br>Former Director <sup>(2)</sup>                 | RSU                           | 50,000                                                                                     | Sept. 27/19            | \$0.50                                   | N/A                                                                    | N/A                                                               | Sept. 27/22 |
|                                                                      | Options                       | 150,000 <sup>(5)</sup>                                                                     | Mar. 2/20              | \$0.50                                   | N/A                                                                    | N/A                                                               | Mar. 2/25   |
| Peter Meredith<br>Director                                           | RSU                           | 50,000                                                                                     | Sept. 27/19            | \$0.50                                   | N/A                                                                    | N/A                                                               | Sept. 27/22 |
|                                                                      | Options                       | 100,000 <sup>(6)</sup>                                                                     | Mar. 2/20              | \$0.50                                   | N/A                                                                    | N/A                                                               | Mar. 2/25   |

**Notes:**

- (1) Mr. Flood receives all of his compensation in his position as Chief Executive Officer and is not compensated in his role as director.  
 (2) Mr. Ruggieri resigned as a director effective November 13, 2020 but remains an advisor to Kenorland.

The following table sets out information concerning the exercise of compensation securities for the financial year ended December 31, 2019 and the six-month period ended June 30, 2020 by Kenorland Named Executive Officers, executive officers and directors.

| Exercise of Compensation Securities                       |                               |                                           |                                  |                  |                                                     |                                                                              |                                   |
|-----------------------------------------------------------|-------------------------------|-------------------------------------------|----------------------------------|------------------|-----------------------------------------------------|------------------------------------------------------------------------------|-----------------------------------|
| Name and position                                         | Type of compensation security | Number of underlying securities exercised | Exercise price per security (\$) | Date of Exercise | Closing price per security on date of exercise (\$) | Difference between exercise price and closing price on date of exercise (\$) | Total value on exercise date (\$) |
| Zachary Flood<br>Chief Executive Officer and director     | N/A                           | N/A                                       | N/A                              | N/A              | N/A                                                 | N/A                                                                          | N/A                               |
| Francis MacDonald<br>Executive Vice President Exploration | N/A                           | N/A                                       | N/A                              | N/A              | N/A                                                 | N/A                                                                          | N/A                               |
| Alexander Ruggieri<br>Former Director <sup>(2)</sup>      | N/A                           | N/A                                       | N/A                              | N/A              | N/A                                                 | N/A                                                                          | N/A                               |



| Exercise of Compensation Securities |                               |                                           |                                  |                  |                                                     |                                                                              |                                   |
|-------------------------------------|-------------------------------|-------------------------------------------|----------------------------------|------------------|-----------------------------------------------------|------------------------------------------------------------------------------|-----------------------------------|
| Name and position                   | Type of compensation security | Number of underlying securities exercised | Exercise price per security (\$) | Date of Exercise | Closing price per security on date of exercise (\$) | Difference between exercise price and closing price on date of exercise (\$) | Total value on exercise date (\$) |
| Peter Meredith<br>Director          | Options                       | 100,000                                   | \$0.15                           | Mar. 9/20        | \$0.50 <sup>(1)</sup>                               | \$0.35                                                                       | 15,000                            |

**Notes:**

- (1) Kenorland issued Kenorland Shares on March 9, 2020 pursuant to a private placement to certain subscribers at a price of \$0.50 per Kenorland Share.
- (2) Mr. Ruggieri resigned as a director effective November 13, 2020.

***Stock Option Plans and Other Incentive Plans******Stock Option Plan***

Kenorland has granted stock options to various directors, officers, advisory board members, employees, independent contractors and consultants in accordance with option agreements that govern the terms of each grant. Kenorland has utilized a common form of option agreements, which agreements provide for rolling over into a formal stock option plan if adopted by Kenorland.

***Restricted Share Unit Plan***

Kenorland also has a restricted share unit plan (the “**Kenorland RSU Plan**”) that allows the grant of Kenorland RSUs to directors, officers and employees and consultants, subject to approval by the board of directors. The exercise price of a Kenorland RSU granted shall be determined by the Kenorland Board at the time of the grant.

The Kenorland RSU Plan is compliant with the provisions of Exchange, notwithstanding that Kenorland is not listed on the Exchange, and provides that, subject to the requirements of the Exchange, if applicable, the aggregate number of securities reserved for issuance, set aside and made available for issuance under the Kenorland RSU Plan may not exceed 10% of the issued and outstanding Kenorland Shares at the time of granting of options. Furthermore, the aggregate number of Kenorland Shares that may be issued pursuant to the exercise of the Kenorland RSUs awarded under the Kenorland RSU Plan and all other securities based compensation arrangements of Kenorland shall not exceed 10% of the issued and outstanding Kenorland Shares at any given time. As of the date of this Circular, there were 550,000 Kenorland RSUs outstanding under the Kenorland RSU Plan.

The Kenorland RSU Plan was first approved by the Kenorland Board on September 27, 2019.

**Employment, Consulting and Management Agreements**

On July 28, 2016 Kenorland and Zachary Flood entered into an employment agreement whereby Mr. Flood would act as President of Kenorland. This employment agreement was amended February 1, 2019 in order to increase Mr. Flood’s base salary (the “**Flood Employment Agreement**”). Pursuant to the Flood Employment Agreement, Mr. Flood receives a base salary of \$70,000 per annum for his services under the agreement, together with any such increments thereto and bonuses (including additional grants of options) as the Board may from time to time determine, and reimbursement for reasonable travel and other expenses incurred in connection with its duties under the agreement. As of the date of this Circular, Mr. Flood receives a base salary of \$100,000. Mr. Flood was also entitled to acquire 1,000,000 Kenorland Shares at a price of \$0.01 per Kenorland Share subject to certain vesting provisions. In the event of the termination without cause of Mr. Flood by Kenorland, Kenorland shall be obligated to provide Mr. Flood with one month of notice per year of service, or base salary in lieu of notice, to an overall maximum of twelve months of notice, or a combination thereof. In the event of the termination of Mr. Flood with

cause by Kenorland, Mr. Flood will be entitled to any base salary, expenses and any accrued vacation pay owed to Mr. Flood up to the date of termination.

On July 28, 2016 Kenorland and Francis MacDonald entered into an employment agreement whereby Mr. MacDonald would act as Vice President of Exploration of Kenorland (the “**MacDonald Employment Agreement**”). Pursuant to the MacDonald Employment Agreement, Mr. MacDonald receives a base salary of \$50,000 per annum for his services under the agreement, together with any such increments thereto and bonuses (including additional grants of options) as the Board may from time to time determine, and reimbursement for reasonable travel and other expenses incurred in connection with its duties under the agreement. As of the date of this Circular, Mr. MacDonald receives a base salary of \$100,000. Mr. MacDonald was also entitled to acquire 500,000 Kenorland Shares at a price of \$0.01 per Kenorland Share subject to certain vesting provisions. In the event of the termination of Mr. MacDonald with cause by Kenorland, Mr. MacDonald will be entitled to any base salary, expenses and any accrued vacation pay owed to Mr. MacDonald up to the date of termination.

### **Oversight and description of director and named executive officer compensation**

The Kenorland Board as a whole determines director and Named Executive Officer compensation on an annual basis. As described above there is one Named Executive Officer and who is directly compensated by Kenorland as described above. To date, total compensation consists of yearly salary, determined at the end of each financial year, and stock options and RSUs as determined by the Kenorland Board as a whole in compliance with the Kenorland RSU Plan, respectively. Compensation is not tied to performance criteria. There have been no changes to Kenorland’s compensation policies after the most recently completed financial year. No peer group is used to determine Kenorland’s compensation policies. Kenorland periodically reviews its compensation practices and has historically minimized cash compensation to facilitate the creation and establishment of Kenorland and Kenorland’s operations and business.

### **Pension Disclosure**

No pension, retirement or deferred compensation plans, including defined contribution plans, have been instituted by Kenorland and none are proposed at this time.

### **Non-Arm’s Length Party Transactions**

Other than the transactions contemplated in connection with the Transaction and the services agreement between Northway and Kenorland that was terminated following Northway’s initial public offering (see “*Schedule “D” – Information Concerning Northway - Non-Arm’s Length Transactions*”), there are no non-arm’s length transactions involving Kenorland pursuant to which Kenorland has acquired assets or provided services, and no such transactions are contemplated or proposed.

### **Legal Proceedings**

Management of Kenorland is not aware of any existing or contemplated legal proceedings material to Kenorland to which Kenorland is a party or to which any of its properties are subject.

### **Material Contracts**

Except for contracts entered into in the ordinary course of business, the only contracts entered into by Kenorland since its incorporation to the date hereof which can reasonable be regarded as presently material to Kenorland are:

- Frotet Option Agreement
- Purchase agreement dated April 24, 2020 between Kenorland and O3 Mining in connection with the acquisition of additional claims for the Frotet Project
- Services agreement dated June 22, 2017 between Kenorland and Seguro Projects Inc. in connection with the acquisition of certain claims forming part of the Tanacross Project
- Amalgamation Agreement

## SCHEDULE “F”

### INFORMATION CONCERNING THE RESULTING ISSUER

*The following information is presented on a post-Transaction and Financing basis and is reflective of the projected business, financial and share capital position of the Resulting Issuer, after giving effect to the Transaction and the Financing. This section only includes information respecting the Resulting Issuer after the Transaction and Financing that is materially different from information provided earlier in this Circular under "Information Concerning Northway" and "Information Concerning Kenorland". All capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the Circular to which this Schedule “F” is attached.*

The following information is presented on a post-Transaction basis and is reflective of the projected pro forma business, financial and share capital position of the Resulting Issuer assuming completion of the Transaction. It should be read in conjunction with the information concerning the Transaction appearing elsewhere in the Circular to which this Schedule “F” is attached.

As the Resulting Issuer will be the same corporate entity as Northway, this section only includes information respecting Northway (and Kenorland, as applicable) after the Transaction that is materially different from information provided elsewhere in the Circular, including Appendices thereto, regarding Kenorland and Northway pre-Closing. See “Schedule “D” – Information Concerning Northway” and “Schedule “E” – Information Concerning Kenorland” for additional information regarding Northway and Kenorland, respectively. See also the pro forma financial statements of the Resulting Issuer attached hereto as Schedule “O”.

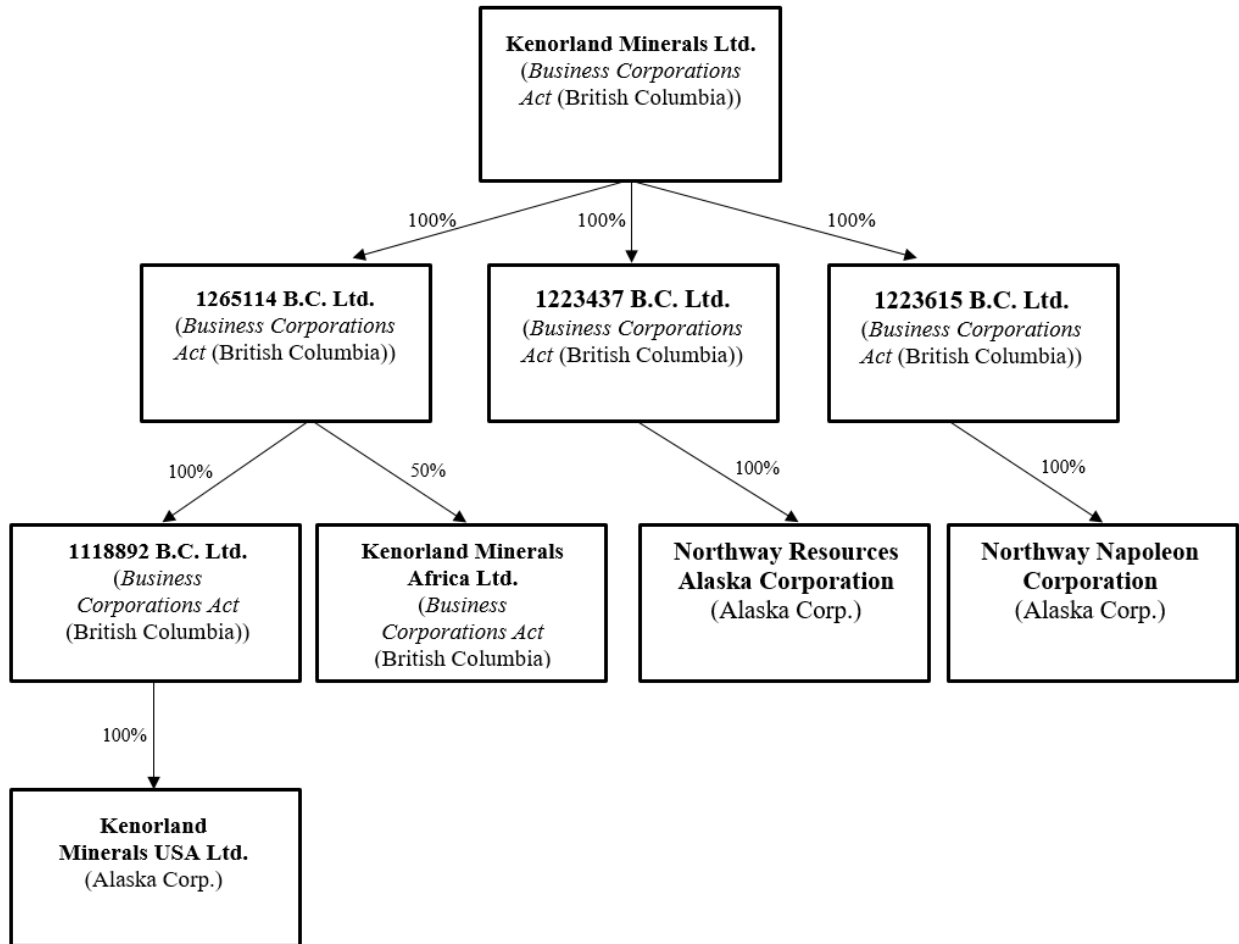
#### **Name and Incorporation**

The Resulting Issuer intends to change its name to “Kenorland Minerals Ltd.” or such other name as the board of directors of the Resulting Issuer may determine, immediately following the Closing in accordance with its Articles. The Resulting Issuer will continue to be a corporation governed by the provisions of the BCBCA. It is expected that the head office of the Resulting Issuer will be located at 310-119 West Pender Street, Vancouver, British Columbia, V6B 1S5 and the registered and records office will be located at 1700-1055 West Hastings Street, Vancouver, British Columbia, V6E 2E9.

Upon completion of the Transaction, Subco will amalgamate with Kenorland pursuant to the provisions of the BCBCA and Amalco will become a wholly-owned subsidiary of the Resulting Issuer. Amalco will own the Frotet Project which will constitute the principal mineral property of the Resulting Issuer.

#### **Intercorporate Relationships**

The following organizational chart reflects the proposed structure of the Resulting Issuer after completion of the Transaction, including the Name Change:



### Risks Related to the Business of the Resulting Issuer

The securities of the Resulting Issuer should be considered highly speculative due to the nature of the Resulting Issuer's proposed business and the current stage of Kenorland's development. An investment in the Resulting Issuer is highly speculative. Such investment will be subject to certain material risks and investors should not invest in securities of the Resulting Issuer unless they can afford to lose their entire investment. **For a description of certain risks and uncertainties that may affect the business of the Resulting Issuer, see the section of the Circular entitled, "Risk Factors".** Readers should note that such list is not a definitive list of all risk factors associated with an investment in the Resulting Issuer or in connection with the Resulting Issuer's proposed operations upon completion of the Transaction, and other events could arise that have a material adverse effect on the business of the Resulting Issuer.

### Description of the Business

Upon completion of the Transaction, the Resulting Issuer's business will be the combination of the businesses carried on by Kenorland (see "*Schedule "E" – Information Concerning Kenorland*") and by Northway (see "*Schedule "D" – Information Concerning Northway*"). It is anticipated that the Resulting Issuer's primary focus will be Kenorland's mineral properties, most notably the Frotet Project and the Tanacross Project.

The Resulting Issuer will be a mineral exploration company engaged in the acquisition and development of mineral properties, with its primary focus on the Frotet Project. The Resulting Issuer will seek to advance the Frotet Project and its other mineral properties to become a commercially viable mineral project but, until then, unless it acquires additional properties, it will have no producing properties and consequently no current operating income cash flow.

or revenues, nor will it provide any products or services to their parties. There is no assurance that a commercially-viable mineral deposit exists on any of the Resulting Issuer's properties.

### ***Stated Business Objectives***

In addition to having the same stated business objectives as Kenorland, the Resulting Issuer intends to utilize the funds over the next 24 months after the completion of the Transaction as described in “*Available Funds and Principal Purposes*”.

### ***Milestones***

Within six months following the completion of the Transaction, the Resulting Issuer anticipates working towards several milestones, including:

| <b>Milestone</b>                                                                                                                                                         | <b>Target Date</b>  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| Commence the recommended work program for the Frotet Project as set out in the Frotet Technical Report, including the start of drilling at the Frotet Property.          | Fourth Quarter 2020 |
| Continue exploration of the Chicobi Project, including commencing the Phase 3 program for the Chicobi Project.                                                           | First Quarter 2021  |
| Commence the next phase of work on the Healy Project, including the start of drilling at the Healy Property.                                                             | Second Quarter 2021 |
| Commence the recommended work program for the Tanacross Project as set out in the Tanacross Technical Report, including the start of drilling at the Tanacross Property. | Second Quarter 2021 |
| Commence exploration on the Chebistuan Project, including Phase 1 sampling for the Chebistuan Project.                                                                   | Second Quarter 2021 |
| Continue with generative activities to identify additional prospective mineral projects.                                                                                 | Ongoing             |

### ***Exploration and Development of Mineral Projects***

Upon the issuance of the Final Exchange Bulletin, the Resulting Issuer will commence the recommended work program for the Frotet Project as set out in the Frotet Technical Report. For additional information with respect to the recommended work program, see “*Schedule “E” – Information Concerning Kenorland – The Frotet Project*”.

### ***Description of the Securities***

The authorized capital of the Resulting Issuer will consist of an unlimited number of Resulting Issuer Shares without par value. Following completion of the Transaction, and after giving effect to the Consolidation, the conversion of the Subscription Receipts and the closing of the Flow-Through Financing, it is expected that there will be approximately 45,473,144 Resulting Issuer Shares issued and outstanding. The rights and restrictions attached to the Resulting Issuer Shares are expected to be identical to those of the Northway Shares, as described in “*Schedule “D” – Information Concerning Northway - Description of Securities*”.

### ***Resulting Issuer Shares***

Following completion of the Transaction and the Flow-Through Financing, the following Resulting Issuer Shares are expected to be outstanding:

| <b>Resulting Issuer Shares</b>                                                                                           | <b>Number</b> |
|--------------------------------------------------------------------------------------------------------------------------|---------------|
| Resulting Issuer Shares held by current Northway Shareholders as of the date of this Information Circular <sup>(1)</sup> | 5,055,142     |



| Resulting Issuer Shares                                                      | Number            |
|------------------------------------------------------------------------------|-------------------|
| Northway Common Shares to be issued to Kenorland Shareholders <sup>(2)</sup> | 30,418,002        |
| Resulting Issuer Shares issuable on exercise of Subscription Receipts        | 10,000,000        |
| <b>Total</b>                                                                 | <b>45,473,144</b> |

**Notes:**

- (1) Assuming completion of the Consolidation and subject to adjustment to account for rounding in connection with the Consolidation.  
(2) Calculated on a post-Exchange Ratio basis and subject to adjustment to account for rounding in connection with the Transaction.

**Resulting Issuer Warrants**

Following completion of the Transaction, the following Resulting Issuer Warrants are expected to be outstanding:

| Resulting Issuer Warrants                                                    | Number           | Exercise Price | Expiry Date                        |
|------------------------------------------------------------------------------|------------------|----------------|------------------------------------|
| Currently outstanding Northway Warrants <sup>(1)</sup>                       | 184,860          | \$0.70         | August 22, 2021                    |
|                                                                              | 66,000           | \$0.70         | August 28, 2021                    |
|                                                                              | 428,571          | \$0.70         | September 15, 2023                 |
|                                                                              | 285,714          | \$0.70         | January 25, 2024                   |
|                                                                              | 1,000,000        | \$0.70         | March 19, 2024                     |
| Broker Warrants issued in connection with the Subscription Receipt Financing | 197,410          | \$1.00         | 2 years following the Closing Date |
| <b>Total</b>                                                                 | <b>2,162,555</b> | -              | -                                  |

**Notes:**

- (1) Assuming completion of the Consolidation and subject to adjustment to account for rounding in connection with the Consolidation.

**Resulting Issuer Options and Resulting Issuer RSUs**

Following completion of the Transaction, the following Resulting Issuer Options and Resulting Issuer RSUs are expected to be outstanding:

| Resulting Issuer Options                                                         | Number    | Exercise Price | Expiry Date        |
|----------------------------------------------------------------------------------|-----------|----------------|--------------------|
| Currently outstanding Northway Options <sup>(1)</sup>                            | 250,000   | \$0.70         | August 22, 2024    |
| Resulting Issuer Options to be issued to Kenorland Option holders <sup>(2)</sup> | 1,200,000 | \$0.075        | October 19, 2023   |
|                                                                                  | 200,000   | \$0.075        | October 2, 2024    |
|                                                                                  | 800,000   | \$0.15         | December 1, 2024   |
|                                                                                  | 800,000   | \$0.15         | July 1, 2025       |
|                                                                                  | 200,000   | \$0.25         | September 15, 2024 |
|                                                                                  | 300,000   | \$0.25         | September 27, 2024 |

| Resulting Issuer Options                                                   | Number           | Exercise Price | Expiry Date        |
|----------------------------------------------------------------------------|------------------|----------------|--------------------|
|                                                                            | 3,300,000        | \$0.25         | March 2, 2025      |
| Resulting Issuer RSUs to be issued to Kenorland RSU Holders <sup>(2)</sup> | 1,100,000        | \$0.25         | September 27, 2022 |
| <b>Total</b>                                                               | <b>8,150,000</b> | -              | -                  |

**Notes:**

- (1) Assuming completion of the Consolidation and subject to adjustment to account for rounding in connection with the Consolidation.  
(2) Calculated on a post-Exchange Ratio basis.

**Pro Forma Consolidated Capitalization**

The following table sets out the pro forma share and loan capitalization of the Resulting Issuer, on a consolidated basis, after giving effect to the Transaction, including the completion of the Consolidation and the conversion of the Subscription Receipts. The information is based on, and should be read in conjunction with, the pro forma consolidated financial statements of the Resulting Issuer attached as Schedule “O”.

| Description                      | Amount Authorized or to be Authorized | Amount Outstanding as at November 27, 2020 after giving effect to the Transaction <sup>(1)</sup> |
|----------------------------------|---------------------------------------|--------------------------------------------------------------------------------------------------|
| Resulting Issuer Shares          | Unlimited                             | 45,473,144 <sup>(2)</sup>                                                                        |
| Resulting Issuer Warrants        | Unlimited                             | 1,679,431                                                                                        |
| Resulting Issuer Options         | 20% fixed plan <sup>(3)</sup>         | 7,050,000                                                                                        |
| Resulting Issuer RSUs            | 20% fixed plan <sup>(3)</sup>         | 1,100,000                                                                                        |
| Resulting Issuer Broker Warrants | N/A                                   | 197,410                                                                                          |

**Notes:**

- (1) Certain of the Resulting Issuer Common Shares and Resulting Issuer Options will be subject to escrow. See *Schedule “F” Information Concerning the Resulting Issuer – Escrowed Securities*.  
(2) After giving effect to the Transaction, all of the 10,000,000 outstanding Subscription Receipts that were issued pursuant to the Financing will be converted into Resulting Issuer Common Shares in accordance with the terms of the Subscription Receipt Agreement; See *“Information Concerning the Transaction – Financing”*.  
(3) The Incentive Plan is a 20% fixed plan pursuant to which the maximum number of Resulting Issuer Shares which may be subject to Resulting Issuer Option grants at any time shall not exceed 20% of the total number of Resulting Issuer Shares outstanding as of the effective date of the closing of the Transaction on a non-diluted basis in combination with all other security-based compensation arrangements of the Resulting Issuer.

**Fully Diluted Share Capital**

The following table sets out the fully diluted share capital of the Resulting Issuer after giving effect to the Transaction:

|                                                                               | Number of Shares | Percentage <sup>(1)</sup> |
|-------------------------------------------------------------------------------|------------------|---------------------------|
| Held by existing Northway Shareholders <sup>(2)</sup>                         | 5,055,142        | 9.11%                     |
| Resulting Issuer Shares to be issued to Kenorland Shareholders <sup>(3)</sup> | 30,418,002       | 54.81%                    |

|                                                                                                                            | Number of Shares  | Percentage <sup>(1)</sup> |
|----------------------------------------------------------------------------------------------------------------------------|-------------------|---------------------------|
| Resulting Issuer Shares to be issued on conversion of Subscription Receipts <sup>(4)</sup>                                 | 10,000,000        | 18.02%                    |
| Resulting Issuer Shares issuable on exercise of the Broker Warrants issued in connection with the Financing <sup>(4)</sup> | 197,410           | 0.36%                     |
| Resulting Issuer Shares issuable on exercise of existing Northway Options <sup>(2)</sup>                                   | 250,000           | 0.45%                     |
| Resulting Issuer Shares issuable on exercise of existing Northway Warrants <sup>(2)</sup>                                  | 1,679,431         | 3.03%                     |
| Resulting Issuer Shares issuable on exercise of Kenorland Options <sup>(3)</sup>                                           | 6,800,000         | 12.25%                    |
| Resulting Issuer Shares issuable on exercise of Kenorland RSUs <sup>(3)</sup>                                              | 1,100,000         | 1.98%                     |
| <b>Total</b>                                                                                                               | <b>55,499,985</b> | <b>100%</b>               |

**Notes:**

- (1) Calculated on a fully diluted basis based on 55,499,985 Resulting Issuer Shares expected to be issued and outstanding upon completion of the Transaction on a fully diluted basis, assuming the Consolidation has been completed, 30,418,002 Northway Common Shares have been issued to the Kenorland Shareholders, 10,000,000 Resulting Issuer Shares are issued on exercise of the Subscription Receipts
- (2) After giving effect to the Consolidation.
- (3) Calculated on a post-Exchange Ratio basis.

**Estimated Available Funds and Principal Purposes*****Funds Available***

The following table sets out information respecting the Resulting Issuer's expected sources of cash following the completion of the Transaction. The amounts shown in the table are estimated only and are based upon the information available to Kenorland and Northway as of the date hereof:

| Estimated Funds Available                                                                     | Amount       |
|-----------------------------------------------------------------------------------------------|--------------|
| Estimated consolidated working capital as at September 30, 2020                               | \$1,902,200  |
| Net proceeds from sale of the Subscription Receipts issued in connection with the Transaction | \$10,000,000 |
| Total other funds available <sup>(1)</sup>                                                    | \$4,472,800  |
| Total Estimated Available Funds                                                               | \$16,375,000 |

**Notes:**

- (1) Represents funds to be provided by joint venture partners for exploration programs.

## Principal Purposes of Funds

The following table sets out information respecting the Resulting Issuer's intended principal uses of funds for the 12 months following the completion of the Transaction. The intended use of funds may vary based upon a number of facts and variances may be material. The amounts shown in the table are estimates only and are based upon the information available to Kenorland and Northway as of the date hereof:

| Use of Funds                                                                                            | Amount              |
|---------------------------------------------------------------------------------------------------------|---------------------|
| Estimated Transaction Costs                                                                             | \$350,000           |
| Agent's Commission and Agent's Expenses <sup>(1)</sup>                                                  | \$470,690           |
| Estimated general and administrative costs over the 12 months following the Closing Date <sup>(2)</sup> | \$1,160,900         |
| Exploration Expenditures on the Frotet Project <sup>(3)</sup>                                           | \$3,802,800         |
| Exploration Expenditures on the Tanacross Project <sup>(4)</sup>                                        | \$2,000,000         |
| Exploration Expenditures on the Healy Project <sup>(5)</sup>                                            | \$1,500,000         |
| Exploration Expenditures on the Resulting Issuer's other mineral properties <sup>(6)</sup>              | \$2,000,000         |
| Unallocated working capital <sup>(7)</sup>                                                              | \$5,090,610         |
| <b>Total</b>                                                                                            | <b>\$16,375,000</b> |

### Notes:

- (1) Including commissions, fees and expenses paid pursuant to the Financing. See "Information Concerning the Transaction – Financing".
- (2) General and administrative costs for the next 12 months are expected to be comprised of: professional fees of \$240,000, stock exchange fees, filing fees and transfer agent costs of \$42,000, insurance expenses of \$37,200, office rents of \$48,000, travel expenses of \$48,000, marketing and shareholder communication costs of \$18,000, consulting fees of \$60,000, executive management fees of \$112,000 and salaries and wages of \$494,620 (See Schedule "F" "Information Concerning the Resulting Issuer -Executive Compensation"), and miscellaneous administrative and office costs of \$61,080.
- (3) Funded by SMMCL pursuant to the Frotet Option Agreement.
- (4) As recommended in the Tanacross Technical Report
- (5) The remaining amount required in order for Northway to meet its expenditure obligations for the period ended December 31, 2021 pursuant to the venture agreement between Northway and Newmont North America Exploration Limited
- (6) \$670,000 will be funded by joint venture partners
- (7) Unallocated funds will be added to the working capital of Newco and invested in short-term interest bearing obligations.

The above sources and uses of funds are estimates only. Notwithstanding the proposed uses of available funds as discussed above, there may be circumstances where a reallocation of funds may be necessary. It is difficult at this time to definitively project the total funds necessary to execute the planned undertakings of the Resulting Issuer. For these reasons, management considers it to be in the best interests of the Resulting Issuer and its shareholders to permit a reasonable degree of flexibility as to how the Resulting Issuer's funds are employed among the above uses or for other purposes, as the need may arise.

## Dividends or Distributions

The Resulting Issuer does not currently intend to declare any dividends payable to the holders of the Resulting Issuer Shares. The Resulting Issuer has no restrictions on paying dividends, but if the Resulting Issuer generates earnings in the foreseeable future, it expects that they will be retained to finance growth, if any. The board of directors of the Resulting Issuer will determine if and when dividends should be declared and paid in future based upon the Resulting Issuer's financial position at the relevant time. All of the Resulting Issuer Shares will be entitled to an equal share in any dividends declared and paid.

## Principal Securityholders

Other than as set out in the table below or elsewhere herein, no Person is anticipated to own, of record or beneficially, directly or indirectly, or to exercise control or direction over, more than 10% of any class of voting securities of the Resulting Issuer after giving effect to the Transaction.

| Name of Shareholder              | Number of Resulting Issuer Shares Owned | Percentage of Outstanding Shares <sup>(1)</sup> |
|----------------------------------|-----------------------------------------|-------------------------------------------------|
| John Tognetti <sup>(2)</sup>     | 10,944,003                              | 24.07%                                          |
| Zachary Flood <sup>(3)</sup>     | 3,758,000                               | 8.26%                                           |
| Francis MacDonald <sup>(4)</sup> | 3,280,000                               | 7.21%                                           |

**Notes:**

- (1) Based on 45,473,144 Resulting Issuer Shares expected to be issued and outstanding upon completion of the Transaction, on an undiluted basis, assuming completion of the Consolidation and the conversion of the Subscription Receipts.
- (2) Of which 9,700,000 Resulting Issuer Shares will be held directly, 812,575 Resulting Issuer Shares will be held indirectly by 4224973 Canada Inc. and 431,428 Resulting Issuer Shares will be held indirectly through San Jacopo Trading Inc.. On a partially diluted basis, assuming the exercise of all Resulting Issuer Warrants held by him, Mr. Tognetti would hold 24.00% of the then outstanding Resulting Issuer Shares.
- (3) On a partially diluted basis, assuming the exercise of all Resulting Issuer Warrants, Resulting Issuer Options and Resulting Issuer RSUs held by him. Mr. Flood would hold 12.73% of the then outstanding Resulting Issuer Shares.
- (4) On a partially diluted basis, assuming the exercise of all Resulting Issuer Warrants, Resulting Issuer Options and Resulting Issuer RSUs held by him. Mr. MacDonald would hold 10.12% of the then outstanding Resulting Issuer Shares

## Directors, Officers and Promoters

The following information lists the names, municipalities of residence of the proposed directors and officers of the Resulting Issuer upon completion of the Transaction, their proposed positions and offices to be held with the Resulting Issuer and the number of securities of the Resulting Issuer which will be beneficially owned, directly or indirectly, or over which control or direction will be exercised by each upon completion of the Transaction.

| Name and Municipality of Residence                      | Period or periods during which each director or officer has served as a director or officer of Northway or Kenorland                                                                                             | Proposed Position With the Resulting Issuer     | Number and Percent of Resulting Issuer Common Shares |
|---------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|------------------------------------------------------|
| Zachary Flood<br>Vancouver, British Columbia            | Served as a director of Northway since May 29, 2018<br>Served as President and Chief Executive Officer of Northway since February 9, 2019<br>Served as a director and President of Kenorland since July 28, 2016 | President, Chief Executive Officer and Director | 3,758,000<br>8.26%                                   |
| Jamie Levy <sup>(1)</sup><br>Toronto, Ontario           | Served as a director of Northway since February 8, 2019                                                                                                                                                          | Director                                        | 107,142<br><1.0%                                     |
| Rick Trotman,<br>Vancouver, British Columbia            | Served as a director of Northway since February 8, 2019                                                                                                                                                          | Director                                        | 67,142<br><1.0%                                      |
| Jay Sujir <sup>(1)</sup><br>Vancouver, British Columbia | Served as a director of Northway since April 9, 2019                                                                                                                                                             | Director                                        | 103,571<br><1.0%                                     |

| Name and Municipality of Residence                                  | Period or periods during which each director or officer has served as a director or officer of Northway or Kenorland | Proposed Position With the Resulting Issuer     | Number and Percent of Resulting Issuer Common Shares |
|---------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|------------------------------------------------------|
| Jessica Van Den Akker <sup>(1)</sup><br>Vancouver, British Columbia | Served as a director of Northway since April 9, 2019                                                                 | Director                                        | 48,571<br><1.0%                                      |
| Enoch Kong<br>Delta, British Columbia                               | Served as Chief Financial Officer and Corporate Secretary of Northway since April 9, 2019                            | Chief Financial Officer and Corporate Secretary | 14,285<br><1.0%                                      |
| Francis Macdonald<br>Munich, Germany                                | Served as Vice-President Exploration of Kenorland since September 28, 2016                                           | Executive Vice President of Exploration         | 3,280,000<br>7.21%                                   |

**Notes:**

- (1) Expected to be a member of the Audit Committee of the Resulting Issuer. At this time, the anticipated management and directors of the Resulting Issuer do not believe any other formal committees are required due to the expected size and limited scope of operations of the Resulting Issuer.

**Board of Directors**

The following is a brief description of each of the proposed members of the board of directors for the Resulting Issuer (including details with regard to their principal occupations for the last five years) who are not also key members of management:

*Jamie Levy, Director*

Jamie Levy is currently the President, Chief Executive Officer and a director of Generation Mining Ltd., a base metal exploration and development company, and has held such position since February 2018. Prior to this role, Mr. Levy was the President, Chief Executive Officer and a director of Pine Point Mining Ltd., a Canadian mining exploration and development company, and the Vice-President Treasury of Pinetree Capital Ltd., an investment and merchant banking company.

*Rick Trotman, Director*

Rick Trotman is a professional geologist with a broad range of experience within the mining industry, having worked in both buy-side and sell-side positions as well as technically focused responsibilities with major mining companies. Mr. Trotman is currently the President and Chief Executive Officer of Barksdale Resources Corp., an advanced-stage base and precious metals explorer, and has held such position since December 2017. Prior to this role, Mr. Trotman was an Associate with Resource Capital Funds, a leading mining-focused private equity firm, where he was involved in executing a broad range of investments spanning the precious, base and minor metal spaces and was also responsible for establishing and managing the firm's portfolio of exploration investments. Mr. Trotman holds a Master of Science in Economic Geology from the University of Nevada Reno and a Bachelor of Science in Geology from Washington State University.

*Jay Sujir, Director*

Jay Sujir is currently a partner at Farris, LLP, a leading Canadian law firm, in the firm's Mining and Securities practice groups and has nearly 30 years' experience acting for mining and other natural resources companies. Mr. Sujir was called to the bar in British Columbia in 1986 after obtaining his Bachelor of Legal Laws from the University of Victoria. Mr. Sujir also holds a Bachelor of Arts in Economics & Philosophy, also from the University of Victoria.



*Jessica Van Den Akker, Director*

Jessica Van Den Akker is currently the Chief Financial Officer of KORE Mining Ltd, a company focused on holding a portfolio of advanced gold exploration and development assets, and has held this position since February 2019. Prior to this role, Ms. Van Den Akker was the Chief Financial Officer and Vice President of Corporate Finance at Fiore Management & Advisory Corp., a private financial advisory firm, from January 2017 to January 2020 and prior to this was a Fund Accountant at Sentient Asset Management Australia Pty Ltd., a private equity investment firm specializing in the global resources industry, from April 2016 to December 2016. Prior to such roles, Ms. Van Den Akker was Vice-President Finance at Ferrometals Management Services Canada Ltd., a private mining solutions firm. Ms. Van Den Akker is a Chartered Professional Accountant with 15 years' experience in the resource sector and is a graduate of Simon Fraser University where she holds a Bachelor of Business Administration.

**Management**

The following is a brief description of each of the proposed key members of management for the Resulting Issuer (including details with regard to their principal occupations for the last five years):

*Zachary Flood (Age: 34), President, Chief Executive Officer, Director*

Zachary Flood is currently the President and a director of Kenorland and is also the President and Chief Executive Officer of Northway, in addition to serving as a member of the board of directors of Northway. Following the closing of the Transaction, Mr. Flood will be the President & Chief Executive Officer of the Resulting Issuer. In this role, Mr. Flood will be responsible for overseeing corporate development and strategy, day to day operations and all other key areas of the Resulting Issuer. Mr. Flood will be an employee of the Resulting Issuer and expects to devote 100% of his time to his roles with the Resulting Issuer. Mr. Flood is an experienced geologist who has managed mineral exploration in countries around the world including Mongolia, China, Democratic Republic of Congo, Peru, Argentina, Canada, and the United States over the past 15 years. Prior to joining Northway and Kenorland, Mr. Flood served as a Project Development Geologist with Kaizen Discovery Inc., a Canadian mineral exploration and development company with copper and gold exploration projects in Peru and Canada. Mr. Flood is a graduate of the University of Victoria and holds a Bachelor of Science in Geological and Earth Sciences/Geosciences.

*Enoch Kong (Age: 37), Chief Financial Officer and Corporate Secretary*

Enoch Kong is the Chief Financial Officer of Northway and will continue as Chief Financial Officer of the Resulting Issuer following the closing of the Transaction. As Chief Financial Officer, Mr. Kong will be responsible for managing the financial actions of the Resulting Issuer, including tracking cash flow and financial planning as well as analyzing the Resulting Issuer's financial strengths and weaknesses and proposing corrective actions. Mr. Kong has extensive experience in controllership and financial reporting for public companies in the oil and gas and mining sectors listed in Canada and United States. Mr. Kong is also currently a senior member with Michael Waldkirch & Company Inc., Chartered Professional Accountants. Mr. Kong will devote 30% of his time to his role as Chief Financial Officer of the Resulting Issuer and will act in such role on a contract basis. Mr. Kong is a Chartered Professional Accountant and holds a Bachelor of Business Administration from Simon Fraser University.

*Francis MacDonald (Age: 35), Executive Vice President of Exploration*

Francis MacDonald is the Executive Vice President of Exploration of Kenorland and will become the Executive Vice President of Exploration of the Resulting Issuer. As Executive Vice President of Exploration, Mr. MacDonald will be responsible for leading the Resulting Issuer's exploration projects and overseeing their development. Mr. MacDonald is an exploration geologist with over 13 years of experience managing grassroots exploration projects in North America, West Africa, and East Africa. He has extensive knowledge of exploration and targeting techniques related to orogenic gold and VMS deposits in Precambrian terranes. Mr. MacDonald will be an employee of the Resulting Issuer and will work in his role as Executive Vice President of Exploration on a full-time basis. Prior to joining Kenorland in 2016, Mr. MacDonald was an Exploration Geologist with Auryn Resources Inc., a mineral resource exploration company, and was an Exploration Geologist with Newmont Corporation, the world's largest

gold mining company. Mr. MacDonald holds a Bachelor of Engineering in Geological Engineering from the University of British Columbia and a Diploma of Engineering in Engineering and Music from St. Francis Xavier University.

### ***Promoter Consideration***

There are no promoters of the Resulting Issuer and there have not been any promoters of the Resulting Issuer within the two years immediately preceding the date of this Information Circular.

### ***Corporate Cease Trade Orders or Bankruptcies***

Except as described below, no director, officer, Insider or Promoter of the Company has, within the last 10 years, been a director, officer, Insider or Promoter of any reporting issuer that, while such person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the company access to any statutory exemption for a period of more than 30 consecutive days or was declared a bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or been subject to or instituted any proceedings, arrangements or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

Jay Sujir was a director of Norwood Resources Ltd. (“**Norwood**”) from May 2008 until January 2011. In the final quarter of 2010, the board of directors of Norwood determined that Norwood had become insolvent and believed the company was not financeable and that the interests of the stakeholders were best protected by an assignment into bankruptcy. Norwood declared bankruptcy on January 19, 2011 and Mr. Sujir resigned as a director on the same day. Subsequent thereto, cease trade orders were issued by the British Columbia Securities Commission on May 10, 2011 for the failure to file audited annual financial statements and the management’s discussion & analysis for the financial year ended December 31, 2010 and by the Alberta Securities Commission on September 21, 2011 for the failure to file audited annual financial statements, management’s discussion & analysis and certifications of annual filings for the financial year ended December 31, 2010 and the failure to file interim financial statements, management’s discussion & analysis and certification of interim filings for the interim periods ended March 31, 2011 and June 30, 2011.

Mr. Sujir was also on the board of directors of Red Eagle Mining Corp. (“**Red Eagle**”) which owned and operated the Santa Rosa mine in Colombia. Due to start up issues, Red Eagle had difficulty servicing its project debt and the mine was only able to commence commercial production on the basis of forbearances from the secured lenders. In August 2018, Red Eagle obtained a firm commitment from a third party to refinance the debt with concessions and co-operation from the secured lenders, but in October 2018, the third party defaulted on its commitment and as a result, the secured lenders withdrew their forbearances and appointed a receiver-manager over the assets of Red Eagle. In addition, Red Eagle is subject to a cease trade order issued by the British Columbia Securities Commission on November 20, 2018 for failure to file interim financial statements, management’s discussion & analysis and certification of interim filings for the period ended September 30, 2018.

### ***Penalties or Sanctions***

No proposed director, officer or promotor of the Resulting Issuer, or a securityholder anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, has

- (a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, that would be likely to be considered important to a reasonable securityholder making a decision about the Transaction.

### ***Personal Bankruptcies***

No proposed director, officer or promoter of the Resulting Issuer, or a securityholder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, or a personal holding company of any such persons, has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or promoter.

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

Directors and officers of the Resulting Issuer may also serve as directors and/or officers of other companies and may be presented from time to time with situations or opportunities which give rise to apparent conflicts of interest which cannot be resolved by arm's length negotiations but only through exercise by the officers and directors of such judgment as is consistent with their fiduciary duties to the Resulting Issuer which arise under applicable corporate law, especially insofar as taking advantage, directly or indirectly, of information or opportunities acquired in their capacities as directors or officers of the Resulting Issuer. It is expected that all conflicts of interest will be resolved in accordance with the BCBCA. It is expected that any transactions with officers and directors will be on terms consistent with industry standards and sound business practice in accordance with the fiduciary duties of those persons to the Resulting Issuer, and, depending upon the magnitude of the transactions and the absence of any disinterested board members, may be submitted to the shareholders for their approval.

### **Other Reporting Issuer Experience**

The following table sets out the proposed directors, officers and promoters of the Resulting Issuer that are, or have been within the last five years, directors, officers or promoters of other reporting issuers:

| <b>Name</b>  | <b>Name and Jurisdiction of Reporting Issuer</b> | <b>Exchange</b> | <b>Position</b>             | <b>Period</b>                  |
|--------------|--------------------------------------------------|-----------------|-----------------------------|--------------------------------|
| Jamie Levy   | Generation Mining Limited                        | CSE             | President, CEO and Director | February 2018 to Present       |
|              | Golden Tag Resources Ltd.                        | TSXV            | Director                    | July 2012 to August 2020       |
|              | Pine Point Mining & Exploration Ltd.             | TSXV            | President and Director      | January 2013 to February 2018  |
|              | Montero Mining & Exploration Ltd.                | TSXV            | Director                    | May 2018 to Present            |
| Rick Trotman | Barksdale Capital Corp.                          | TSXV            | President, CEO and Director | November 2017 to Present       |
| Jay Sujir    | Cannon Point Resources                           | TSXV            | Director                    | January 2005 to October 2015   |
|              | Carlin Gold Corporation                          | TSXV            | Director                    | July 2012 to February 2020     |
|              | Collingwood Resources Corp.                      | TSXV            | Director                    | July 2014 to Present           |
|              | Excelsior Mining Corp.                           | TSX             | Director                    | April 2010 to June 2018        |
|              | Kootenay Zinc Corp.                              | CSE             | Director                    | September 2016 to October 2017 |
|              | Kutcho Copper Corp.                              | TSXV            | Director                    | December 2007 to Present       |

| Name                  | Name and Jurisdiction of Reporting Issuer | Exchange | Position | Period                         |
|-----------------------|-------------------------------------------|----------|----------|--------------------------------|
|                       | Leagold Mining Corporation                | TSX      | Director | July 2016 to April 2017        |
|                       | Libero Copper Corporation                 | TSXV     | Director | June 2008 to Present           |
|                       | Red Eagle Exploration Ltd.                | TSXV     | Director | November 2015 to April 2017    |
|                       | Red Eagle Mining Corporation              | TSXV     | Director | January 2010 to November 2018  |
|                       | Roughrider Exploration Ltd.               | TSXV     | Director | December 2011 to Present       |
|                       | Vanadian Energy Corp.                     | TSXV     | Director | November 2003 to Present       |
|                       | NEMI Northern Energy & Mining Inc.        | CSE      | Director | April 2012 to August 2016      |
| Jessica Van Den Akker | Fiore Exploration Ltd.                    | TSXV     | CFO      | January 2017 to September 2017 |
|                       | HIVE Blockchain Technologies Ltd.         | TSXV     | CFO      | August 2017 to October 2018    |
|                       | Sandspring Resources Ltd.                 | TSXV     | CFO      | January 2017 to October 2019   |
|                       | Vanadian Energy Corp.                     | TSXV     | CFO      | January 2017 to Present        |
|                       | Klondike Gold Corp.                       | TSXV     | CFO      | January 2017 to February 2020  |
|                       | Rusoro Mining Corp.                       | TSXV     | CFO      | January 2017 to March 2020     |
|                       | Kore Mining Ltd.                          | TSXV     | CFO      | February 2019 to Present       |
|                       | Cruzsar Energy Corp.                      | TSXV     | CFO      | January 2017 to April 2017     |
|                       | Heatherdale Resources Ltd.                | TSXV     | Director | August 2020 to Present         |
|                       | Last Mile Holdings Ltd.                   | TSXV     | Director | October 2019 to September 2020 |
|                       | Helix Applications Inc.                   | TSXV     | CFO      | November 2020 to Present       |

### Executive Compensation

Disclosure of the executive compensation practices for Kenorland is set forth in “*Schedule “E” – Information Concerning Kenorland*”. It is anticipated that the Resulting Issuer will continue the executive compensation practices of Kenorland upon the closing of the Transaction. Following the closing of the Transaction, the Resulting Issuer expects to begin the development and adoption of compensation policies commensurate with compensation policies for Exchange-listed peer companies.

### **Summary Compensation Table**

The Resulting Issuer is expected to have three executive officers following the Closing. The following information outlines the anticipated compensation to be paid by the Resulting Issuer to each of such executive officers, which include the proposed CEO and CFO. It is anticipated that the following compensation will be reviewed by the board of directors of the Resulting Issuer following the completion of the Transaction.

| <b>Name and Principal Position</b>                               | <b>Salary, consulting fee, retainer or commission (\$)</b> | <b>Bonus (\$)</b> | <b>Committee or meeting fees (\$)</b> | <b>Value of perquisites (\$)</b> | <b>Value of all other compensation (\$)</b> | <b>Total compensation (\$)</b> |
|------------------------------------------------------------------|------------------------------------------------------------|-------------------|---------------------------------------|----------------------------------|---------------------------------------------|--------------------------------|
| Zachary Flood<br>President, Chief Executive Officer and director | \$150,000                                                  | Nil               | Nil                                   | Nil                              | Nil                                         | \$150,000                      |
| Enoch Kong<br>Chief Financial Officer                            | \$12,000                                                   | Nil               | Nil                                   | Nil                              | Nil                                         | \$12,000                       |
| Francis MacDonald<br><br>Executive President Vice of Exploration | \$150,000                                                  | Nil               | Nil                                   | Nil                              | Nil                                         | \$150,000                      |

In addition to the above, it is expected that all directors and officers of the Resulting Issuer will be entitled to participate in the Resulting Issuer Stock Option Plan at the discretion of the board of directors of the Resulting Issuer. The Resulting Issuer may also pay directors' fees to its directors in amounts to be determined.

### **External Management Companies**

Other than as described in "*Schedule "D" – Information Concerning Northway – External Management Companies*" with respect to Enoch Kong, none of the NEOs or directors of the Resulting are intended to be retained or employed by an external management company which has entered into an understanding, arrangement or agreement with the Resulting Issuer to provide executive management services to the Resulting Issuer, directly or indirectly.

### **Indebtedness of Directors and Officers**

No director or officer of Kenorland or Northway, nor any proposed director or officer of the Resulting Issuer, is indebted to Kenorland, Northway or will be indebted to the Resulting Issuer on the date of this Circular.

### **Investor Relations Arrangements**

Other than as provided herein, no written or oral agreement or understanding has yet been reached with any Person to provide any promotional or investor relations services for the Resulting Issuer.

### **Options to Purchase Securities**

The table below sets out the number of Resulting Issuer Options expected to be held by directors and officers of the Resulting Issuer following the Closing.

| Persons who will hold Resulting Issuer Options upon completion of the Transaction                                        | Number of Resulting Issuer Shares under Option | Exercise Price of Resulting Issuer Shares under Option | Expiry Date        | Market Value of Resulting Issuer Shares under Option <sup>(1)</sup> |
|--------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|--------------------------------------------------------|--------------------|---------------------------------------------------------------------|
| All proposed officers of the Resulting Issuer, as a group (3 persons) <sup>(2)</sup>                                     | 106,642                                        | \$0.70                                                 | August 22, 2024    | \$0.98                                                              |
|                                                                                                                          | 140,000                                        | \$0.075                                                | October 2, 2024    |                                                                     |
|                                                                                                                          | 220,000                                        | \$0.15                                                 | December 1, 2024   |                                                                     |
|                                                                                                                          | 800,000                                        | \$0.15                                                 | July 1, 2025       |                                                                     |
|                                                                                                                          | 1,700,000                                      | \$0.25                                                 | March 2, 2025      |                                                                     |
| All proposed directors of the Resulting Issuer who are not also proposed officers, as a group (4 persons) <sup>(3)</sup> | 100,000                                        | \$0.70                                                 | August 22, 2024    | \$0.98                                                              |
| All other persons <sup>(4)</sup>                                                                                         | 42,857                                         | \$0.70                                                 | August 22, 2024    | \$0.98                                                              |
|                                                                                                                          | 1,200,000                                      | \$0.075                                                | October 19, 2023   |                                                                     |
|                                                                                                                          | 60,000                                         | \$0.075                                                | October 2, 2024    |                                                                     |
|                                                                                                                          | 580,000                                        | \$0.15                                                 | December 1, 2024   |                                                                     |
|                                                                                                                          | 200,000                                        | \$0.25                                                 | September 15, 2024 |                                                                     |
|                                                                                                                          | 300,000                                        | \$0.25                                                 | September 27, 2024 |                                                                     |
|                                                                                                                          | 1,600,000                                      | \$0.25                                                 | March 2, 2025      |                                                                     |

**Notes:**

- (1) Calculated by multiplying the number of Resulting Issuer Options by the market price of \$0.14 per Northway Share on the TSXV on July 24, 2020, being the last trading day prior to the halting of trading in the Northway Shares in connection with the announcement of the Transaction, with further adjustment to reflect the Consolidation.
- (2) Consists of Zachary Flood, Enoch Kong and Francis MacDonald. For additional information with respect to the number of Resulting Issuer Options to be held by each of them, see the table under the heading “*Directors, Officers and Promoters*”.
- (3) Consists of Jamie Levy, Rick Trotman, Jay Sujir and Jessica Van Den Akker. For additional information with respect to the number of Resulting Issuer Options to be held by each of them, see the table under the heading “*Directors, Officers and Promoters*”.

**Stock Option Plan**

The Resulting Issuer expects to maintain the Incentive Plan, as amended, following the Closing. See “*Schedule “D” – Information Concerning Northway – Stock Option Plan*” and also in “*Schedule “D” – Information Concerning Northway – Particulars of Matters to be Acted Upon at the Northway Meeting – Amendments to Stock Option Plan*”.

**Legal Proceedings**

To the best of management’s knowledge, there are no material pending legal proceedings to which Northway, Kenorland or the Resulting Issuer is or is likely to be a party, or of which any of its property is the subject matter.

**Escrowed Securities**

As of the date of this Circular, there are no Kenorland Shares held in escrow and there are 9,600,000 Northway Shares and 7,200,000 Northway Warrants held in escrow pursuant to the Northway Escrow Agreement.



### ***Tier 1 Escrow Shares***

An aggregate of 328,571 Resulting Issuer Shares and 328,571 Resulting Issuer Warrants will be removed from the Northway Escrow Agreement and deposited, together with 221,429 Resulting Issuer Options, under a tier 1 value escrow agreement whereby 25% of the escrowed shares are to be released upon the date of issuance of the Final Exchange Bulletin and an additional 25% of the escrowed shares are to be released every 6 months thereafter, until all escrowed shares have been released (18 months following the date of issuance of the Final Exchange Bulletin).

The following table sets out details of the number of Resulting Issuer Shares expected to be held in escrow pursuant to the tier 1 value escrow agreement following the Closing:

| <b>Name and Municipality of Residence of Securityholder</b> | <b>Designation of Class</b> | <b>Number of Resulting Issuer Shares to be held in Escrow (#)</b> | <b>Percentage (%)</b> |
|-------------------------------------------------------------|-----------------------------|-------------------------------------------------------------------|-----------------------|
| Zachary Flood, Vancouver, B.C. <sup>(1)</sup>               | Common                      | 198,000                                                           | *%                    |
| 1013142 B.C Ltd., Surrey, B.C. <sup>(2)</sup>               | Common                      | 14,857                                                            | *%                    |
| JB Levy Corp, Toronto, ON <sup>(3)</sup>                    | Common                      | 57,143                                                            | *%                    |
| Rick Trotman, North Vancouver, B.C. <sup>(4)</sup>          | Common                      | 57,143                                                            | *%                    |
| Jessica Van Den Akker, Vancouver, B.C. <sup>(5)</sup>       | Common                      | 28,571                                                            | *%                    |
| Jay Sujir Law Corporation, Vancouver, B.C. <sup>(6)</sup>   | Common                      | 28,571                                                            | *%                    |

\* Less than 1%.

#### **Notes**

- (1) In addition, a further 142,857 Resulting Issuer Warrants and 85,714 Resulting Issuer Options will be deposited into escrow.
- (2) 1013142 BC Ltd. is an entity owned and controlled by Enoch Kong. In addition a further 14,857 Resulting Issuer Warrants and 21,429 Resulting Issuer Options held by Enoch Kong directly, will be deposited into escrow.
- (3) JB Levy Corp. is an entity owned and controlled by Jamie Levy. In addition a further 57,143 Resulting Issuer Warrants and 25,000 Resulting Issuer Options held by Jamie Levy directly, will be deposited into escrow
- (4) In addition a further 57,143 Resulting Issuer Warrants and 25,000 Resulting Issuer Options held will be deposited into escrow.
- (5) In addition a further 28,571 Resulting Issuer Warrants and 25,000 Resulting Issuer Options held will be deposited into escrow.
- (6) Jay Sujir Law Corporation is an entity owned and controlled by Jay Sujir. In addition a further 28,571 Resulting Issuer Warrants and 25,000 Resulting Issuer Options held by Jay Sujir directly, will be deposited into escrow.

### ***Value Escrow Shares***

Unless acquired pursuant to the Financing, all of the Resulting Issuer Shares held by Principals following the issuance of the Final Exchange Bulletin are expected to be escrowed, and are to be held in escrow subject to the Value Escrow Agreement based on Exchange Form 5D. The Value Escrow Agreement is expected to be entered into by the Resulting Issuer, the Transfer Agent or an alternate transfer agent as approved by the Resulting Issuer and the Exchange, and each of the Principals of the Resulting Issuer.

The following table sets out details of the number of Resulting Issuer Shares expected to be held in escrow pursuant to the Value Escrow Agreement following the Closing, after giving effect to the first escrow release of 10% of the escrowed shares upon issuance of the Final Exchange Bulletin:

| <b>Name and Municipality of Residence of Securityholder</b> | <b>Designation of Class</b> | <b>Number of Resulting Issuer Shares to be held in Escrow (#)</b> | <b>Percentage (%)</b> |
|-------------------------------------------------------------|-----------------------------|-------------------------------------------------------------------|-----------------------|
| John Tognetti, Vancouver, B.C.                              | Common                      | 9,700,000                                                         | 21.33%                |

| Name and Municipality of Residence of Securityholder       | Designation of Class | Number of Resulting Issuer Shares to be held in Escrow (#) | Percentage (%) |
|------------------------------------------------------------|----------------------|------------------------------------------------------------|----------------|
| San Jacopo Trading Inc., Vancouver, B.C. <sup>(1)(2)</sup> | Common               | 417,142                                                    | 0.92%%         |
| Zachary Flood, Vancouver, B.C. <sup>(3)</sup>              | Common               | 3,560,000                                                  | 8.26%          |
| Leonard Francis MacDonald, Munich, Germany <sup>(4)</sup>  | Common               | 3,294,285                                                  | 7.21%          |
| Scott Smits, Victoria, B.C.                                | Common               | 1,000,000                                                  | 2.20%          |
| David Burnell Stevenson, Broad Cove, NS                    | Common               | 1,000,000                                                  | 2.20%          |
| Jay Sujir Law Corporation, Vancouver, B.C. <sup>(5)</sup>  | Common               | 30,000                                                     | *%             |

\* Less than 1%.

#### Notes

- (7) San Jacopo Trading Inc. will also hold 114,285 Resulting Issuer Shares and 114,285 Resulting Issuer Warrants in escrow under the Northway Escrow Agreement.
- (8) San Jacopo Trading Inc. is an entity owned and controlled by John Tognetti
- (9) In addition, a further 500,000 Resulting Issuer Shares underlying 500,000 Resulting Issuer RSUs to be held by Mr. Flood will be subject to the Value Escrow Agreement. Finally, a further 1,600,000 Resulting Issuer Shares underlying 800,000 Kenorland Options held by Mr. Flood to be amended to be exercisable into Resulting Issuer Shares will also be subject to the Value Escrow Agreement.
- (10) Leonard Francis MacDonald will also hold 14,285 Resulting Issuer Shares and 14,285 Resulting Issuer Warrants in escrow under the Northway Escrow Agreement. In addition, a further 200,000 Resulting Issuer Shares underlying 200,000 Resulting Issuer RSUs to be held by Mr. MacDonald be subject to the Value Escrow Agreement. Finally, a further 1,260,000 Resulting Issuer Shares underlying 630,000 Kenorland Options held by Mr. MacDonald to be amended to be exercisable into Resulting Issuer Shares will also be subject to the Value Escrow Agreement.
- (11) Jay Sujir Law Corporation is an entity owned and controlled by Jay Sujir.

Should the Resulting Issuer be accepted by the Exchange as a Tier 2 Issuer, the escrowed shares will be subject to the release schedule set out in Schedule B(2) to the Value Escrow Agreement. Pursuant to Schedule B(2) of the Value Escrow Agreement, 10% of the escrowed shares are to be released upon the date of issuance of the Final Exchange Bulletin and an additional 15% of the escrowed shares are to be released every 6 months thereafter, until all escrowed shares have been released (36 months following the date of issuance of the Final Exchange Bulletin). Should the Resulting Issuer be accepted by the Exchange as a Tier 1 Issuer, escrowed shares shall be released on an accelerated schedule, as set out in Schedule B(1) of the Value Escrow Agreement. Pursuant to Schedule B(1) of the Value Escrow Agreement, 25% of the escrowed shares would be released upon the date of issuance of the Final Exchange Bulletin and an additional 25% of the escrowed shares would be released every 6 months thereafter, until all escrowed shares have been released (18 months following the date of issuance of the Final Exchange Bulletin).

The escrowed shares may not be transferred without the approval of the Exchange, other than in specified circumstances set out in the Value Escrow Agreement.

Where the escrowed shares are held by a non-individual (a “**holding company**”), each holding company pursuant to the applicable escrow agreement has agreed, or will agree, not to carry out any transactions during the currency of the escrow agreement which would result in a change of control of the holding company, without the consent of the Exchange. Any holding company must sign an undertaking to the Exchange that, to the extent reasonably possible, it will not permit or authorize any issuance of securities or transfer of securities that could reasonably result in a change of control of the holding company. In addition, the Exchange may require an undertaking from any Control Person of the holding company not to transfer the shares of that company.

### **Auditor**

It is expected that Davidson & Company LLP, currently the auditors of both Kenorland and Northway, will serve as the Resulting Issuer's auditors. The address of Davidson & Company LLP is 1200 – 609 Granville Street, Pacific Centre, Vancouver, British Columbia, V7Y 1G6.

### **Transfer Agent and Registrar**

It is expected that Computershare Investor Services Inc., who is currently Northway's registrar and transfer agent, will continue to serve as the Resulting Issuer's registrar and transfer agent. It is expected that transfers of the securities of the Resulting Issuer may be recorded at registers maintained by Computershare Investor Services Inc. at its Vancouver office, located at 3<sup>rd</sup> Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9.

### **Material Contracts**

The only material contracts to which the Resulting Issuer will be a party are described under Schedule 'D' – *"Information concerning Northway – Materials Contracts"* and Schedule "E" – *"Information Concerning Kenorland - Material Contracts"*.

**SCHEDULE “G”**

**AUDITED FINANCIAL STATEMENTS OF KENORLAND FOR THE FINANCIAL YEARS ENDED  
DECEMBER 31, 2019 AND 2018**

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**KENORLAND MINERALS LTD.**  
**AMENDED AND RESTATED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**  
**EXPRESSED IN CANADIAN DOLLARS**

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## INDEPENDENT AUDITOR'S REPORT

To the Directors of  
Kenorland Minerals Ltd.

### ***Opinion***

We have audited the accompanying consolidated financial statements of Kenorland Minerals Ltd. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, and the consolidated statements of income (loss) and comprehensive income (loss), changes in shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

### ***Basis for Opinion***

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

### ***Emphasis of Matter – Amended Consolidated Financial Statements***

We draw attention to Note 20 of the consolidated financial statements, which describes that the consolidated financial statements that we originally reported on September 1, 2020 have been amended and describes the matter that gave rise to the amendment of the financial statements. Our opinion is not modified in respect of this matter.

### ***Other Information***

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### ***Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**“DAVIDSON & COMPANY LLP”**

Vancouver, Canada

Chartered Professional Accountants

October 29, 2020

**KENORLAND MINERALS LTD.**

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

|                                                    | December 31,<br>2019        | December 31,<br>2018 |
|----------------------------------------------------|-----------------------------|----------------------|
|                                                    | \$                          | \$                   |
|                                                    | <i>(Restated – Note 20)</i> |                      |
| <b>ASSETS</b>                                      |                             |                      |
| <b>Current assets</b>                              |                             |                      |
| Cash                                               | 659,469                     | 271,399              |
| Receivables (Note 3)                               | 390,165                     | 71,456               |
| Prepaid expenses (Note 4)                          | 17,380                      | 11,404               |
|                                                    | 1,067,014                   | 354,259              |
| <b>Exploration advances</b>                        | 221,822                     | 2,156                |
| <b>Investment in equity instruments</b> (Note 5)   | 585,961                     | -                    |
| <b>Exploration and evaluation assets</b> (Note 6)  | 1,067,685                   | 1,168,610            |
| <b>Equipment</b> (Note 7)                          | 3,795                       | 1,875                |
| <b>Right-of-use asset</b> (Note 8)                 | 47,665                      | -                    |
|                                                    | <b>2,993,942</b>            | <b>1,526,900</b>     |
| <b>LIABILITIES</b>                                 |                             |                      |
| <b>Current liabilities</b>                         |                             |                      |
| Accounts payable and accrued liabilities (Note 9)  | 215,542                     | 56,387               |
| Advances received (Note 6)                         | 588,015                     | 245,840              |
| Current portion of lease liability (Note 8)        | 19,127                      | -                    |
| Due to related party (Note 12)                     | -                           | 25,000               |
| RSU liability (Note 10)                            | 23,837                      | -                    |
|                                                    | 846,521                     | 327,227              |
| <b>Lease liability</b> (Note 8)                    | 29,487                      | -                    |
|                                                    | 876,008                     | 327,227              |
| <b>SHAREHOLDERS' EQUITY</b>                        |                             |                      |
| Share capital (Note 10)                            | 2,058,329                   | 1,530,000            |
| Reserves (Note 10)                                 | 235,275                     | 125,521              |
| Accumulated other comprehensive income             | 306                         | -                    |
| Deficit                                            | (175,976)                   | (520,826)            |
| Equity attributable to shareholders of the Company | 2,117,934                   | 1,134,695            |
| Non-controlling interest (Note 13)                 | -                           | 64,978               |
|                                                    | 2,117,934                   | 1,199,673            |
|                                                    | <b>2,993,942</b>            | <b>1,526,900</b>     |

**Nature and continuance of operations (Note 1)****Subsequent events (Note 19)**

Approved and authorized on behalf of the Board:

"Zachary Flood"

Director

"Alexander Ruggieri"

Director

The accompanying notes are an integral part of these consolidated financial statements.

**KENORLAND MINERALS LTD.**

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

(Expressed in Canadian Dollars)

|                                                          | Years ended<br>December 31, |                  |
|----------------------------------------------------------|-----------------------------|------------------|
|                                                          | 2019                        | 2018             |
|                                                          | \$                          | \$               |
|                                                          | (Restated – Note 20)        |                  |
| <b>Revenue</b>                                           | 787,735                     | 124,426          |
| <b>Operating expenses</b>                                |                             |                  |
| Bank charges and interest                                | 7,661                       | 4,223            |
| Conference and marketing                                 | 8,256                       | 7,159            |
| Consulting                                               | 67,303                      | 27,003           |
| Depreciation (Note 7 & 8)                                | 12,864                      | 711              |
| Foreign exchange loss (gain)                             | 50,400                      | (8,635)          |
| Geologists                                               | 190,901                     | 76,186           |
| Insurance                                                | 17,452                      | 9,938            |
| Interest on lease liability                              | 2,233                       | -                |
| Office expenses                                          | 32,385                      | 25,835           |
| Professional fees                                        | 90,764                      | 82,902           |
| Project generation                                       | 13,070                      | 12,980           |
| Rent                                                     | 9,323                       | 17,644           |
| Salaries and benefits (Note 12)                          | 158,111                     | 84,716           |
| Stock-based compensation (Note 10 & 11)                  | 133,591                     | 86,861           |
| Travel and related                                       | 25,303                      | 14,155           |
|                                                          | 819,617                     | 441,678          |
| <b>Income (loss) from operations</b>                     | (31,882)                    | (317,252)        |
| <b>Other income (expenses)</b>                           |                             |                  |
| Loss on sales of investment (Note 5)                     | -                           | (159,587)        |
| Gain on deconsolidation (Note 5)                         | 282,944                     | -                |
| Net change in fair value of investments (Note 5)         | 250,371                     | -                |
| Loss from investment in associate (Note 5)               | (28,417)                    | -                |
| Impairment on exploration and evaluation assets (Note 6) | (128,527)                   | -                |
|                                                          | 376,371                     | (159,587)        |
| <b>Net income (loss)</b>                                 | <b>344,489</b>              | <b>(476,839)</b> |
| <b>Net income (loss) attributable to:</b>                |                             |                  |
| Shareholders of the Company                              | 344,850                     | (391,816)        |
| Non-controlling interest (Note 13)                       | (361)                       | (85,023)         |
| <b>Net income (loss)</b>                                 | <b>344,489</b>              | <b>(476,839)</b> |

**Earnings (loss) per share (Note 11)**

The accompanying notes are an integral part of these consolidated financial statements.

**KENORLAND MINERALS LTD.**

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

(Expressed in Canadian Dollars)

|                                                     | <b>Years ended<br/>December 31,</b> |             |
|-----------------------------------------------------|-------------------------------------|-------------|
|                                                     | <b>2019</b>                         | <b>2018</b> |
|                                                     | <b>\$</b>                           | <b>\$</b>   |
|                                                     | <i>(Restated – Note 20)</i>         |             |
| <b>Net income (loss)</b>                            | 344,489                             | (476,839)   |
| <b>Other comprehensive income</b>                   |                                     |             |
| Foreign currency translation                        | 306                                 | -           |
| <b>Comprehensive income (loss)</b>                  | 344,795                             | (476,839)   |
| <b>Comprehensive income (loss) attributable to:</b> |                                     |             |
| Shareholders of the company                         | 345,156                             | (391,816)   |
| Non-controlling interest                            | (361)                               | (85,023)    |
| <b>Comprehensive income (loss)</b>                  | 344,795                             | (476,839)   |

The accompanying notes are an integral part of these consolidated financial statement.



**KENORLAND MINERALS LTD.**

Consolidated Statements of Changes in Shareholders' Equity  
(Expressed in Canadian Dollars)

|                                       | Number of<br>Shares<br>Issued | Share Capital    | Reserves -<br>Share Options | Accumulated<br>Other<br>Comprehensive<br>Income | Deficit                       | Non-<br>controlling<br>interest | Total<br>Shareholders'<br>Equity |
|---------------------------------------|-------------------------------|------------------|-----------------------------|-------------------------------------------------|-------------------------------|---------------------------------|----------------------------------|
|                                       |                               | \$               | \$                          | \$                                              | \$<br>(Restated –<br>Note 20) | \$                              | \$<br>(Restated –<br>Note 20)    |
| <b>Balance, December 31,<br/>2017</b> | <b>12,000,001</b>             | <b>1,530,000</b> | <b>38,660</b>               | <b>-</b>                                        | <b>(129,010)</b>              | <b>-</b>                        | <b>1,439,650</b>                 |
| Stock-based<br>compensation           | -                             | -                | 86,861                      | -                                               | -                             | -                               | 86,861                           |
| Non-controlling interest              | -                             | -                | -                           | -                                               | -                             | 150,001                         | 150,001                          |
| Loss for the year                     | -                             | -                | -                           | -                                               | (391,816)                     | (85,023)                        | (476,839)                        |
| <b>Balance, December 31,<br/>2018</b> | <b>12,000,001</b>             | <b>1,530,000</b> | <b>125,521</b>              | <b>-</b>                                        | <b>(520,826)</b>              | <b>64,978</b>                   | <b>1,199,673</b>                 |
| Shares issued for cash                | 1,070,000                     | 535,000          | -                           | -                                               | -                             | -                               | 535,000                          |
| Share issuance costs                  | -                             | (6,671)          | -                           | -                                               | -                             | -                               | (6,671)                          |
| Stock-based<br>compensation           | -                             | -                | 109,754                     | -                                               | -                             | -                               | 109,754                          |
| Foreign exchange on<br>translation    | -                             | -                | -                           | 306                                             | -                             | -                               | 306                              |
| Non-controlling interest              | -                             | -                | -                           | -                                               | -                             | (64,617)                        | (64,617)                         |
| Net income for the year               | -                             | -                | -                           | -                                               | 344,850                       | (361)                           | 344,489                          |
| <b>Balance, December 31,<br/>2019</b> | <b>13,070,001</b>             | <b>2,058,329</b> | <b>235,275</b>              | <b>306</b>                                      | <b>(175,976)</b>              | <b>-</b>                        | <b>2,117,934</b>                 |

The accompanying notes are an integral part of these consolidated financial statements.

**KENORLAND MINERALS LTD.**

## Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

|                                                                      | Years ended<br>December 31, |                |
|----------------------------------------------------------------------|-----------------------------|----------------|
|                                                                      | 2019                        | 2018           |
|                                                                      | \$                          | \$             |
|                                                                      | (Restated –<br>Note 20)     |                |
| <b>Cash flows used in operating activities</b>                       |                             |                |
| Net income (loss) for the year                                       | 344,489                     | (476,839)      |
| Adjustments for items not affecting cash:                            |                             |                |
| Depreciation                                                         | 12,864                      | 711            |
| Gain on deconsolidation                                              | (282,944)                   | -              |
| Net change in fair value of investments                              | (250,371)                   | -              |
| Loss on sales of investment                                          | -                           | 159,587        |
| Loss from investment in associate                                    | 28,417                      | -              |
| Change in non-controlling interest                                   | -                           | 150,001        |
| Stock based-compensation                                             | 133,591                     | 86,861         |
| Impairment on exploration and evaluation assets                      | 128,527                     | -              |
| Change in non-cash working capital items                             |                             |                |
| Receivables                                                          | (327,347)                   | (54,079)       |
| Prepaid expenses                                                     | (6,370)                     | (2,104)        |
| Accounts payable and accrued liabilities                             | 27,280                      | (76,839)       |
|                                                                      | (191,864)                   | (212,701)      |
| <b>Cash flows used in investing activities</b>                       |                             |                |
| Exploration advances                                                 | (219,666)                   | (2,156)        |
| Exploration and evaluation assets expenditures                       | (140,710)                   | (430,271)      |
| Advances received for exploration and evaluation assets expenditures | 342,175                     | 245,840        |
| Proceeds from sale of investment                                     | -                           | 120,413        |
| Option proceeds received                                             | 66,015                      | 128,631        |
| Purchase of equipment                                                | (3,279)                     | (2,586)        |
| Cash eliminated on deconsolidation of investment                     | (33,496)                    | -              |
|                                                                      | 11,039                      | 59,871         |
| <b>Cash flows provided by financing activities</b>                   |                             |                |
| Shares issued for cash                                               | 535,000                     | -              |
| Share issuance costs                                                 | (6,671)                     | -              |
| Advances from related parties                                        | 60,123                      | 25,000         |
| Repayment of lease liability                                         | (10,556)                    | -              |
|                                                                      | 577,896                     | 25,000         |
| <b>Effect of foreign exchange on cash</b>                            | (9,001)                     |                |
| <b>Change in cash during the year</b>                                | 388,070                     | (127,830)      |
| <b>Cash, beginning of the year</b>                                   | 271,399                     | 399,229        |
| <b>Cash, end of the year</b>                                         | <b>659,469</b>              | <b>271,399</b> |

**Supplemental disclosure with respect to cash flows (Note 16)**

The accompanying notes are an integral part of these consolidated financial statements.

## **KENORLAND MINERALS LTD.**

Notes to Consolidated Financial Statements  
For the year ended December 31, 2019  
(Expressed in Canadian Dollars)

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### **1. NATURE AND CONTINUANCE OF OPERATIONS**

Kenorland Minerals Ltd. (the "Company") was incorporated on July 13, 2016 under the Business Corporations Act of British Columbia. Its principal business activity is the exploration and evaluation of mineral properties.

The Company's registered and records office is located at Suite 1700, 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 2E9.

The Company's exploration and evaluation assets are at the exploration stage and are without a known body of commercial ore. The business of exploring for minerals involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Major expenditures may be required to establish ore reserves, to develop metallurgical processes, to acquire construction and operating permits and to construct mining and processing facilities. The amounts shown as exploration and evaluation assets costs represent acquisition, holding and deferred exploration costs and do not necessarily represent present or future recoverable values. The recoverability of the amounts shown for exploration and evaluation assets costs is dependent upon the Company obtaining the necessary financing to complete the exploration and development of the properties, the discovery of economically recoverable reserves and future profitable operations.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at December 31, 2019, the Company had not advanced its properties to commercial production and is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon the successful results from its exploration activities and raise equity capital or borrowings sufficient to meet current and future obligations. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. Management estimates its current working capital and subsequent financing will be sufficient to fund its current level of activities for the next twelve months.

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 has also disrupted the normal operations of many businesses, including ours. This outbreak could decrease spending, adversely affect demand for our product and harm our business and results of operations. It is not possible for us to predict the duration or magnitude of the adverse results of the outbreak and its effects on our business or results of operations at this time.

These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

### **2. SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of significant accounting policies used in the preparation of these consolidated financial statements.

#### **Statement of compliance**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

## **KENORLAND MINERALS LTD.**

Notes to Consolidated Financial Statements

For the year ended December 31, 2019

(Expressed in Canadian Dollars)

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### **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **Statement of compliance (continued)**

The consolidated financial statements of the Company were approved and authorized by the Board of Directors on October 29, 2020.

The accounting policies applied in preparation of these consolidated financial statements are consistent with those applied and disclosed in the Company's consolidated financial statements for the year ended December 31, 2018 except for the following:

#### Leases

On January 1, 2019, the Company adopted IFRS 16 – Leases ("IFRS 16") which replaced IAS 17 – Leases and IFRIC 4 – Determining Whether an Arrangement Contains a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard is effective for annual periods beginning on or after January 1, 2019. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to finance leases applied in IAS 17. IFRS 16 does not require a lessee to recognize assets and liabilities for short-term leases (i.e. leases of 12 months or less) and leases of low-value assets.

The Company analyzed its contracts to identify whether they contain a lease agreement for the application of IFRS 16. No such contracts were identified, and as a result, the adoption of IFRS 16 resulted in no impact to opening retained earnings on January 1, 2019.

The following is the accounting policy for leases as of January 1, 2019 upon adoption of IFRS 16:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement exists, and if the Company has the right to direct the use of the asset. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

As a lessee, the Company recognizes a right-of-use asset and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

## KENORLAND MINERALS LTD.

Notes to Consolidated Financial Statements  
For the year ended December 31, 2019  
(Expressed in Canadian Dollars)

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### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Statement of compliance (continued)

##### Leases (continued)

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- exercise prices of purchase options if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit or loss.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit or loss on a straight-line basis over the lease term.

#### Basis of presentation

These consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

#### Basis of consolidation

The consolidated financial statements include the financial statements of the Company and the following subsidiaries:

| Name                                  | Jurisdiction | Parent Company          | Percentage owned |      |
|---------------------------------------|--------------|-------------------------|------------------|------|
|                                       |              |                         | 2019             | 2018 |
| 1118892 B.C. Ltd. ("1118892")         | Canada       | Kenorland Minerals Ltd. | 100%             | 100% |
| Kenorland Minerals USA Inc. ("KUSA")  | USA          | 1118892 B.C. Ltd.       | 100%             | 100% |
| Northway Resources Corp. ("Northway") | Canada       | Kenorland Minerals Ltd. | 17%              | 57%  |

During the year ended December 31, 2018, the changes in the Company's ownership of Northway were as follows:

- In July 2018, the Company acquired 100% ownership of Northway by a share purchase; and
- In September 2018, the ownership decreased from 100% to 57% as a result of a Northway share issuance for debt settlement.

## **KENORLAND MINERALS LTD.**

Notes to Consolidated Financial Statements  
For the year ended December 31, 2019  
(Expressed in Canadian Dollars)

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### **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **Basis of consolidation**

During the year ended December 31, 2019, the changes in the Company's ownership of Northway were as follows:

- On January 25, 2019, the ownership increased from 57% to 67% as a result of shares received from Northway for a settlement of receivables;
- On March 19, 2019, the ownership decreased from 67% to 38% as a result of Northway closing a non-brokered private placement for financing at which time the Company no longer controlled Northway and ceased to consolidate; and
- On August 22, 2019 the ownership decreased from 38% to 17% as a result of Northway completing an initial public offering.

All intercompany accounts and transactions between the Company and its subsidiaries have been eliminated upon consolidation.

#### **Use of estimates**

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates and judgements as the basis for determining the stated amounts include the recoverability of exploration and evaluation assets, determination of functional currency, valuation of share-based compensation and recognition of deferred tax amounts.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the interim consolidated financial statements are as follows:

#### Economic recoverability and probability of future economic benefits of exploration and evaluation assets

Management has determined that exploration, evaluation, and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

#### Determination of functional currency

The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions within the reporting entity.

#### Level of control or influence over companies

The accounting for investments in other companies can vary depending on the degree of control and influence over those other companies. Management is required to assess at each reporting date the Company's control and influence over these other companies. Management has used its judgment to determine which companies are controlled and require consolidation and those which are significantly influenced and require equity accounting.



## **KENORLAND MINERALS LTD.**

Notes to Consolidated Financial Statements  
For the year ended December 31, 2019  
(Expressed in Canadian Dollars)

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### **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **Use of estimates (continued)**

##### Level of control or influence over companies (continued)

Until March 19, 2019, the Company consolidated its investment in Northway as the Company had control over the key operating activities of Northway. Effective March 19, 2019, the Company accounted for its investment in Northway as an equity investment as it retained significant influence over the operations of Northway. On August 22, 2019, the Company no longer had the ability to influence the key operating activities of the entity; as such, the Company accounted for its investment under fair value through profit or loss (Note 5).

##### Going concern of operations

The financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The assessment of the Company's ability to source future operations and continue as a going concern involves judgement. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. If the going concern assumption is not appropriate for the financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenue and expenses and the statement of financial position classifications used (Note 1).

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

##### Valuation of share-based compensation

The Company uses the Black-Scholes option pricing model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, risk-free interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

##### Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

#### **Foreign currency translation**

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiaries is the Canadian dollar ("CAD"), with the exception of KUSA, which has a functional currency of the United States dollar ("USD"). The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than Canadian dollars are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

## KENORLAND MINERALS LTD.

Notes to Consolidated Financial Statements

For the year ended December 31, 2019

(Expressed in Canadian Dollars)

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### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Foreign currency translation (continued)**

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Company's USD operations are translated into CAD at the exchange rate at the reporting date. The income and expenses are translated using the average rate for the period. Foreign currency differences that arise on translation for consolidation purposes are recognized in other comprehensive income (loss).

#### **Financial instruments**

##### Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income/loss.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Receivables are measured at amortized cost with subsequent impairments recognized in profit or loss and cash and investments are classified as FVTPL.

##### Impairment

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

##### Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statements of financial position subsequent to inception and how changes in value are recorded. Accounts payable and accrued liabilities, advances received, due to related party and lease liability are classified as amortized cost and carried on the statements of financial position at amortized cost.

As at December 31, 2019, the Company does not have any derivative financial liabilities.

## **KENORLAND MINERALS LTD.**

Notes to Consolidated Financial Statements

For the year ended December 31, 2019

(Expressed in Canadian Dollars)

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### **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **Investments in associates**

The Company accounts for its investments in affiliated companies over which it has significant influence on the equity basis of accounting, whereby the investment is initially recorded at cost, adjusted to recognize the Company's share of earnings or losses. The consolidated statement of loss and comprehensive loss reflects the share of the results of operations of the associated company from the acquisition date forward. Where there has been a change recognized directly in the equity of the associated company, the Company recognizes its share of any changes. Unrealized gains and losses resulting from transactions between the Company and the associated company are eliminated to the extent of the interest in the associated company.

The Company assesses its equity investments for impairment at each reporting date if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the equity investment and that the event or events has an impact on the estimated future cash flow of the investment that can be reliably estimated. Objective evidence of impairment of equity investments includes:

- (i) significant financial difficulty of the associated companies;
- (ii) becoming probable that the associated companies will enter bankruptcy or other financial reorganization; or
- (iii) national or local economic conditions that correlate with defaults of the associated companies.

If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in profit or loss. Upon loss of significant influence over the associated company, the Company measures and recognizes any remaining investment at its fair value. Any difference between the carrying amount of the associated company upon loss of significant influence and the fair value of the remaining investment and proceeds from disposal is recognized in profit or loss.

#### **Exploration and evaluation assets**

Pre-exploration costs are expensed as incurred. Costs directly related to the acquisition and exploration of exploration and evaluation assets are capitalized once the legal rights to explore the exploration and evaluation assets are acquired or obtained. When the technical and commercial viability of a mineral resource has been demonstrated and a development decision has been made, the capitalized costs of the related property are first tested for impairment, then transferred to mining assets and depreciated using the units of production method on commencement of commercial production.

If it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable, or the property is abandoned or management has determined an impairment in value, the property is written down to its recoverable amount. Exploration and evaluation assets are reviewed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property when received.

#### **Farm outs**

The Company uses the carrying amount of the exploration and evaluation asset interest before the farm-out as the carrying amount for the portion of the interest retained. Any expenditures incurred by the Company for its own interest are added to the carrying value. Any cash consideration received is credited against the carrying amount of the portion of the interest retained and is recorded as a recovery, with any excess included as a gain in profit or loss.

## **KENORLAND MINERALS LTD.**

Notes to Consolidated Financial Statements

For the year ended December 31, 2019

(Expressed in Canadian Dollars)

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### **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **Restoration and environmental obligations**

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as the related assets.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in amount and timing of the Company's estimates of reclamation costs, are charged to profit and loss for the period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

For the years presented, there were no significant restoration and environmental obligations.

#### **Property and equipment**

Property and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

Depreciation is calculated using a declining balance method to write off the cost of the assets. The depreciation rate is applicable as follows:

|                       |                       |
|-----------------------|-----------------------|
| Computer equipment    | 55% Declining balance |
| Furniture & equipment | 20% Declining balance |

#### **Impairment of non-financial assets**

The carrying amount of the Company's assets (which include exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

## **KENORLAND MINERALS LTD.**

Notes to Consolidated Financial Statements  
For the year ended December 31, 2019  
(Expressed in Canadian Dollars)

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### **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **Impairment of non-financial assets**

The recoverable amount of an asset is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years. Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

#### **Share capital**

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants, and options are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are recognized as a deduction from equity, net of tax.

#### *Valuation of equity units issued in private placements:*

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in private placements is determined to be the more easily measurable component as they are valued at their fair value which is determined by the closing price on the issuance date. The remaining balance, if any, is allocated to the attached warrants. Any value attributed to the warrants is recorded to reserves. If the warrants expire unexercised, the value attributed to the warrants is transferred to share capital.

#### **Share-based compensation**

The Company operates an employee stock option plan. Share-based compensation to employees is measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based compensation to non-employees is measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to reserves. The fair value of options is determined using the Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

The Company transfers the value of forfeited and expired unexercised vested stock options and compensatory warrants to deficit or share capital from reserves on the date of expiration based on the nature of the item.

## **KENORLAND MINERALS LTD.**

Notes to Consolidated Financial Statements

For the year ended December 31, 2019

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### **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **Share-based compensation (continued)**

The Company may grant Restricted Share Units ("RSUs") to directors, officers, employees, and consultants. Each RSU represents an entitlement to one common share of the Company, upon vesting. RSUs are redeemable for the issue of common shares at prevailing market prices on the date of the RSU grant, or into cash, at the option of the holder, on the date of exercise.

Restricted share units ("RSUs") can be settled in cash. The fair value of the estimated number of RSUs awarded that will eventually vest, determined as of the date of grant, is recognized as share-based compensation expense in the consolidated statements of income (loss) and comprehensive income (loss) over the vesting period, with a corresponding amount recorded as a liability. Until the liability is settled, the fair value of the RSUs is re-measured at the end of each reporting period and at the date of settlement, with changes in fair value recognized as share-based compensation expense or recovery over the vesting period.

#### **Earnings (loss) per share**

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

#### **Revenue from contracts with customers**

Revenue is recognized when the earnings process is complete, as evidenced by an agreement between the customer and the Company, when delivery has occurred, when the fee is fixed or determinable and when collection is reasonably assured. Amounts received from customers in advance of revenue recognition are deferred as deferred revenue liabilities. The Company presents revenues net of taxes collected from customers at the time of sale to be remitted to governmental authorities, including sales taxes. No element of financing is deemed present as the sales are made with credit terms standard for the market.

#### **Income taxes**

##### Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the country where the Company operates and generates taxable income. Current income tax relating to items recognized directly in other comprehensive loss or equity is recognized in other comprehensive loss or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.



## **KENORLAND MINERALS LTD.**

Notes to Consolidated Financial Statements

For the year ended December 31, 2019

(Expressed in Canadian Dollars)

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### **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **Income taxes (continued)**

##### Deferred income tax

Deferred income tax is provided for based on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Current income and deferred tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### **New standards and interpretations not yet adopted**

A number of amendments to standards and interpretations applicable to the Company are not yet effective for the year ended December 31, 2019 and have not been applied in preparing these consolidated financial statements nor does the Company expect these amendments to have a significant effect on its financial statements.

**KENORLAND MINERALS LTD.**

Notes to Consolidated Financial Statements

For the year ended December 31, 2019

(Expressed in Canadian Dollars)

**3. RECEIVABLES**

|                      | <b>2019</b>    | <b>2018</b>   |
|----------------------|----------------|---------------|
|                      | <b>\$</b>      | <b>\$</b>     |
| Accounts receivable  | 9,197          | 7,417         |
| Sales tax receivable | 380,968        | 64,039        |
|                      | <b>390,165</b> | <b>71,456</b> |

**4. PREPAID EXPENSES**

|               | <b>2019</b>   | <b>2018</b>   |
|---------------|---------------|---------------|
|               | <b>\$</b>     | <b>\$</b>     |
| Prepayments   | 14,508        | 10,080        |
| Rent deposits | 2,872         | 1,324         |
|               | <b>17,380</b> | <b>11,404</b> |

**5. INVESTMENTS****NxGold Ltd. ("NxGold")**

On April 12, 2017, the Company signed a farm-out agreement with NxGold in which NxGold could have earned up to a 100% interest in certain mineral rights of the Chicobi property. Upon signing this agreement, the Company received \$100,000 in cash and 800,000 common shares of NxGold valued at \$288,000 for a total proceeds received of \$388,000. The Company recovered \$112,989 and recognized a gain of sale of exploration and evaluation assets of \$275,011. The fair value of the shares at December 31, 2017 was \$280,000.

During the year ended December 31, 2018, the Company sold its investment in 800,000 common shares of NxGold for gross proceeds of \$120,413 and recorded a loss on sale of investment of \$159,587.

**KENORLAND MINERALS LTD.**

Notes to Consolidated Financial Statements

For the year ended December 31, 2019

(Expressed in Canadian Dollars)

**5. INVESTMENTS (CONTINUED)****Northway Resources Corp. ("Northway")**

On July 31, 2018, the Company acquired 4,000,000 shares of Northway at a price of \$0.001 per share for a total subscription price of \$4,000 representing a 100% interest in Northway. As at December 31, 2018, the Company held a 57% interest in Northway and had control over Northway (Note 13).

On January 25, 2019, the Company settled an amount receivable of \$100,000 from Northway for 2,000,000 units at a price of \$0.05 per unit for a total settlement value of \$100,000. Each unit comprises of one (1) common share and one (1) warrant exercisable into one (1) common share at an exercise price of \$0.10 with an expiry of 5 years from the date of issue. The Company's interest in Northway increased from 57% to 67% and the Company maintained control of Northway.

On March 19, 2019, Northway issued additional shares from a private placement that diluted the Company's ownership of Northway from 67% to 38% which lead to a loss of control of Northway and deconsolidation of Northway from the Company's financial statements. The Company recognized a gain of \$282,944 on the deconsolidation of Northway. The Company still retained significant influence over Northway, resulting in Northway being recorded on the Company's financial statements as an investment in associate.

The initial recognition of the investment in associate was accounted for at fair value using the share price from Northway's private placement in March 19, 2019, multiplied by the number of shares that the Company held of Northway at that time. The gain on deconsolidation was calculated as a result of recognizing the net assets of Northway, recognizing the non-controlling interest and recognizing the fair value of the investment in associate.

On August 22, 2019, Northway completed an initial public offering that further diluted the Company's ownership in Northway to 17%. The Company determined they no longer had significant influence and classified the investment in Northway at FVTPL.

The calculation for the investment in associate is as follows:

|                                                                             | <b>Amount</b>     |
|-----------------------------------------------------------------------------|-------------------|
| Share price of Northway as at March 19, 2019                                | \$ 0.05           |
| Number of Northway shares owned by the Company as at March 19, 2019         | 6,000,000         |
|                                                                             | \$ 300,000        |
| Fair value of Northway warrant as at March 19, 2019                         | \$ 0.03           |
| Number of Northway warrants owned by the Company as at March 19, 2019       | 2,000,000         |
|                                                                             | \$ 64,007         |
| <b>Initial recognition of the investment in associate on March 19, 2019</b> | <b>\$ 364,007</b> |

**KENORLAND MINERALS LTD.**

Notes to Consolidated Financial Statements

For the year ended December 31, 2019

(Expressed in Canadian Dollars)

**5. INVESTMENTS (CONTINUED)****Northway Resources Corp. ("Northway")**

The following table illustrates the summarized financial information of the Company's investment in Northway, including the share of loss from an associate from March 20, 2019 to August 22, 2019.

|                                          | <b>August 22, 2019</b> |
|------------------------------------------|------------------------|
| Current assets                           | \$ 233,201             |
| Non-current assets                       | 342,123                |
| Current liabilities                      | (72,406)               |
| Net assets                               | 502,918                |
| The Company's ownership %                | 37.50%                 |
| <b>The Company's share of net assets</b> | <b>\$ 188,594</b>      |

|                                          | <b>March 19, 2019 to<br/>August 22, 2019</b> |
|------------------------------------------|----------------------------------------------|
| Loss for the period                      | \$ (75,779)                                  |
| The Company's ownership %                | 37.50%                                       |
| <b>Total Company's share of net loss</b> | <b>\$ (28,417)</b>                           |

On August 22, 2019, the Company determined it no longer had significant influence over Northway and classified the investment at FVTPL.

|                                                    | <b>August 22, 2019</b> |
|----------------------------------------------------|------------------------|
| Net investment, opening                            | \$ 364,007             |
| Equity loss from March 19, 2019 to August 22, 2019 | (28,417)               |
| De-recognition from investment in associate        | (335,590)              |
| <b>Net investment, closing</b>                     | <b>\$ -</b>            |

|                                                                                  | <b>Amount</b>     |
|----------------------------------------------------------------------------------|-------------------|
| Share price of Northway as at August 22, 2019                                    | \$ 0.10           |
| Number of Northway shares owned by the Company as at August 22, 2019             | 6,000,000         |
|                                                                                  | \$ 600,000        |
| Fair value of Northway warrant as at August 22, 2019                             | \$ 0.07           |
| Number of Northway warrants owned by the Company as at August 22, 2019           | 2,000,000         |
|                                                                                  | \$ 143,169        |
| <b>Initial recognition of the investment at fair value as at August 22, 2019</b> | <b>\$ 743,169</b> |

**KENORLAND MINERALS LTD.**

Notes to Consolidated Financial Statements

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(Expressed in Canadian Dollars)

**5. INVESTMENTS (CONTINUED)****Northway Resources Corp. ("Northway")**

The warrants were valued using the Black-Scholes option pricing model, with the following weighted average assumptions:

|                           | <b>For the year ended<br/>December 31, 2019</b> | <b>For the year ended<br/>December 31, 2018</b> |
|---------------------------|-------------------------------------------------|-------------------------------------------------|
| Risk-free interest rate   | 1.68%                                           | -                                               |
| Expected life of warrants | 4 years                                         | -                                               |
| Annualized volatility     | 100%                                            | -                                               |
| Dividend rate             | 0.00%                                           | -                                               |

The following table is a reconciliation of the investment in Northway:

|                                                                              | <b>Amount</b>     |
|------------------------------------------------------------------------------|-------------------|
| De-recognition from investment in associate                                  | \$ 335,590        |
| Change in fair value on initial recognition of investment at fair value      | 407,579           |
| Initial recognition of investment at fair market value as at August 22, 2019 | 743,169           |
| Change in fair value as at December 31, 2019                                 | (157,208)         |
| <b>Investment in Northway as at December 31, 2019</b>                        | <b>\$ 585,961</b> |

As at December 31, 2019, the Company held 6,000,000 shares and 2,000,000 warrants of Northway with a fair market value of \$480,000 and \$105,961, respectively. From August 22, 2019 to December 31, 2019, the Company recorded a net change in fair value of investments of \$250,371 in relation to these shares and warrants.

# KENORLAND MINERALS LTD.

Notes to Consolidated Financial Statements

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## 6. EXPLORATION AND EVALUATION ASSETS

The Company's costs and expenditures for the years related to exploration and evaluation of mineral properties are as follows:

|                                      | Quebec        |                |               |               |           |          |           |                | British Columbia | Total Canada   |
|--------------------------------------|---------------|----------------|---------------|---------------|-----------|----------|-----------|----------------|------------------|----------------|
|                                      | Chicobi       | Frotet         | James Bay     | Lac Fagnant   | Fox River | Kukames  | Road King | Chebistuan     | Thibert          |                |
|                                      | \$            | \$             | \$            | \$            | \$        | \$       | \$        | \$             | \$               | \$             |
| <b>Balance, December 31, 2017</b>    | -             | 162,182        | 75,576        | -             | -         | -        | -         | -              | -                | <b>237,758</b> |
| Acquisition costs                    | -             | -              | -             | 4,298         | -         | -        | -         | -              | -                | 4,298          |
| Exploration expenditures:            |               |                |               |               |           |          |           |                |                  |                |
| Assays                               | -             | 248,170        | -             | -             | -         | -        | -         | -              | -                | 248,170        |
| Staking and claim maintenance        | 62,007        | 32,237         | 1,268         | 47            | -         | -        | -         | -              | -                | 95,559         |
| Consulting                           | 10,303        | 227,545        | 2,315         | 757           | -         | -        | -         | -              | -                | 240,920        |
| Geological                           | 1,684         | 19,752         | -             | 5,443         | -         | -        | -         | -              | -                | 26,879         |
| Supplies                             | 321           | 16,096         | 4,357         | -             | -         | -        | -         | -              | -                | 20,774         |
| Travel and accommodations            | 11,683        | 48,033         | -             | 1,283         | -         | -        | -         | -              | -                | 60,999         |
| Contribution received from optionees | 85,998        | 591,833        | 7,940         | 11,828        | -         | -        | -         | -              | -                | 697,599        |
|                                      | -             | (558,001)      | -             | -             | -         | -        | -         | -              | -                | (558,001)      |
| <b>Balance, December 31, 2018</b>    | <b>85,998</b> | <b>196,014</b> | <b>83,516</b> | <b>11,828</b> | -         | -        | -         | -              | -                | <b>377,356</b> |
| Exploration expenditures:            |               |                |               |               |           |          |           |                |                  |                |
| Assays                               | 104,877       | 295,025        | -             | -             | -         | 5,493    | 4,136     | -              | 703              | 410,234        |
| Staking and claim maintenance        | 5,220         | 12,920         | -             | -             | 5,877     | 12,684   | 14,068    | 145,622        | 21,856           | 218,247        |
| Consulting                           | 463,894       | 765,254        | -             | -             | -         | 2,753    | -         | -              | 16,263           | 1,248,164      |
| Drilling                             | 733,267       | -              | -             | -             | -         | -        | -         | -              | -                | 733,267        |
| Geological                           | 8,800         | 368,820        | -             | 1,328         | -         | -        | -         | -              | 33,441           | 412,389        |
| Site development                     | 6,284         | -              | -             | -             | -         | -        | -         | -              | -                | 6,284          |
| Supplies                             | 88,784        | 50,263         | -             | -             | -         | -        | -         | -              | -                | 139,047        |
| Travel and accommodations            | 92,148        | 149,724        | -             | -             | -         | -        | -         | -              | -                | 241,872        |
| Contribution received from optionees | 1,503,274     | 1,642,006      | -             | 1,328         | 5,877     | 20,930   | 18,204    | 145,622        | 72,263           | 3,409,504      |
| Impairment                           | (1,494,975)   | (1,642,006)    | -             | -             | -         | -        | -         | -              | -                | (3,136,981)    |
|                                      | -             | -              | (83,516)      | -             | (5,877)   | (20,930) | (18,204)  | -              | -                | (128,527)      |
| <b>Balance, December 31, 2019</b>    | <b>94,297</b> | <b>196,014</b> | -             | <b>13,156</b> | -         | -        | -         | <b>145,622</b> | <b>72,263</b>    | <b>521,352</b> |



**KENORLAND MINERALS LTD.**

Notes to Consolidated Financial Statements

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(Expressed in Canadian Dollars)

**6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)**

|                                      | Total Canada   | Alaska         |                | Total USA      | Total            |
|--------------------------------------|----------------|----------------|----------------|----------------|------------------|
|                                      |                | Tanacross      | Healy          |                |                  |
|                                      | \$             | \$             | \$             | \$             | \$               |
| <b>Balance, December 31, 2017</b>    | <b>237,758</b> | <b>628,235</b> | <b>-</b>       | <b>628,235</b> | <b>865,993</b>   |
| Acquisition costs                    | 4,298          | -              | -              | -              | 4,298            |
| Exploration expenses                 |                |                |                |                |                  |
| Assays                               | 248,170        | 200,326        | 52,433         | 252,759        | 500,929          |
| Staking and claim maintenance        | 95,559         | 160,773        | 76,021         | 236,794        | 332,353          |
| Consulting                           | 240,920        | 137,682        | -              | 137,682        | 378,602          |
| Geological                           | 26,879         | 322,053        | 27,797         | 349,850        | 376,729          |
| Supplies                             | 20,774         | 35,705         | 6,526          | 42,231         | 63,005           |
| Travel and accommodation             | 60,999         | 64,190         | 16,129         | 80,319         | 141,318          |
| Contribution received from optionees | 697,599        | 920,729        | 178,906        | 1,099,635      | 1,797,234        |
| Option payment received              | (558,001)      | (807,985)      | -              | (807,985)      | (1,365,986)      |
|                                      | -              | (128,631)      | -              | (128,631)      | (128,631)        |
| <b>Balance, December 31, 2018</b>    | <b>377,356</b> | <b>612,348</b> | <b>178,906</b> | <b>791,254</b> | <b>1,168,610</b> |
| Exploration expenses                 |                |                |                |                |                  |
| Assays                               | 410,234        | 425,638        | -              | 425,638        | 835,872          |
| Staking and claim maintenance        | 218,247        | 161,618        | -              | 161,618        | 379,865          |
| Consulting                           | 1,248,164      | 671,734        | -              | 671,734        | 1,919,898        |
| Drilling                             | 733,267        | 1,942,257      | -              | 1,942,257      | 2,675,524        |
| Geological                           | 412,389        | 559,497        | -              | 559,497        | 971,886          |
| Site development                     | 6,284          | 14,082         | -              | 14,082         | 20,366           |
| Supplies                             | 139,047        | 848,280        | -              | 848,280        | 987,327          |
| Travel and accommodation             | 241,872        | 1,327,160      | -              | 1,327,160      | 1,569,032        |
| Contribution received from optionees | 3,409,504      | 5,950,266      | -              | 5,950,266      | 9,359,770        |
| Option payment received              | (3,136,981)    | (5,950,266)    | -              | (5,950,266)    | (9,087,247)      |
| Elimination of subsidiary            | -              | (66,015)       | -              | (66,015)       | (66,015)         |
| Impairment                           | -              | -              | (178,906)      | (178,906)      | (178,906)        |
|                                      | (128,527)      | -              | -              | -              | (128,527)        |
| <b>Balance, December 31, 2019</b>    | <b>521,352</b> | <b>546,333</b> | <b>-</b>       | <b>546,333</b> | <b>1,067,685</b> |

## **KENORLAND MINERALS LTD.**

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For the year ended December 31, 2019  
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### **6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)**

#### **Chicobi Property – Quebec, Canada**

On April 12, 2017, the Company signed a farm-out agreement with NxGold (the “Chicobi Optionee”). Under the agreement, the Chicobi Optionee can earn up to a 100% interest in certain mineral rights comprising the property by making payments and exploration expenditures as follows:

- a) to acquire an undivided 80% interest, the Chicobi Optionee must:
  - i. pay to the Company, \$100,000 cash (received) upon signing the agreement;
  - ii. issue to the Company, 800,000 common shares in the capital of the Chicobi Optionee subject to a 12 month hold period commencing on the date of the agreement (received at a value of \$288,000); and
  - iii. on or before October 1, 2018, fund an aggregate of \$2 million in expenditures on the property.
- b) to acquire an additional undivided 20% Interest (for a total undivided interest of 100%), the Chicobi Optionee is required to fund an aggregate of an additional \$1 million in expenditures on the property on or before June 7, 2020.

During the year ended December 31, 2018, the Chicobi Optionee did not fund the required \$2 million in expenditures and, accordingly, terminated the agreement on May 19, 2018.

In February 2019, the Company entered into an earn in and joint venture exploration agreement with Sumitomo Metal Mining Canada Limited (“SMCL”). Under the agreement, SMCL can earn up to a 70% interest in the Chicobi Property by making exploration expenditures as follows:

- a) to acquire an undivided 51% interest, SMCL must fund an aggregate of \$4.9 million in expenditures on the Chicobi Property on or before May 31, 2022. During such period, SMCL irrevocably commits to fund \$1.2 million of expenditures (funded).
- b) to acquire an additional undivided 19% interest (for a total undivided interest of 70%), SMCL must, within 90 days following the completion of acquiring 51% interest, notify the Company that they will fund an aggregate of an additional \$10 million in expenditures on the property within the three year time period.

If the participating interest in the joint venture property of any party is diluted to 10% or less whether by reason of failure to complete funding contribution requirements or default, the participating interest will be deemed to have been automatically converted to a 2% net smelter return royalty in favor of the other party in respect of minerals produced from the property. If the party whose participating interest is forfeited, they will be deemed to have abandoned the property and the full benefit, ownership and title of the property shall be deemed to have passed to the other party for the payment of good and valuable consideration.

In accordance with the agreement, the Company is the operator and is entitled to charge SMCL operator fees of 10% on costs incurred in account of exploration on the Chicobi property until SMCL acquires the first 51% interest in the property.

During the year ended December 31, 2019, SMCL funded \$1,693,554 in exploration expenditures of which \$1,494,975 was spent on exploration and evaluation assets. The excess funding received at December 31, 2019 of \$198,579 has been allocated to advances received.

## **KENORLAND MINERALS LTD.**

Notes to Consolidated Financial Statements  
For the year ended December 31, 2019  
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### **6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)**

#### **Frotet Property – Quebec, Canada**

The property is located north of Chibougamau, Quebec and was acquired by nominal staking costs and a payment of \$6,000 to an arm's length vendor.

On April 17, 2018, the Company entered in an earn in and joint venture exploration agreement with SMCL. Under the agreement, SMCL can earn up to an 80% interest in the Fortet Property by making exploration expenditures as follows:

- a) to acquire an undivided 65% interest, SMCL must fund an aggregate of \$4.3 million in expenditures on the Fortet Property on or before April 17, 2021. During such period, SMCL irrevocably commits to fund \$500,000 of expenditures (funded).
- b) to acquire an additional undivided 15% interest (for a total undivided interest of 80%), SMCL must, within 90 days following the completion of acquiring 65% interest, notify the Company that they will fund an aggregate of an additional \$4 million in expenditures on the property within the one year time period.

If the participating interest in the joint venture property of any party is diluted to 10% or less whether by reason of failure to complete funding contribution requirements or default, the participating interest will be deemed to have been automatically converted to a 2% net smelter return royalty in favor of the other party in respect of minerals produced from the property. If the party whose participating interest is forfeited, they will be deemed to have abandoned the property and the full benefit, ownership and title of the property shall be deemed to have passed to the other party for the payment of good and valuable consideration.

In accordance with the agreement, the Company is the operator and is entitled to charge SMCL operator fees of 10% on costs incurred in account of exploration on the Frotet Property until SMCL acquires the first 65% interest in the property.

During the year ended December 31, 2019, SMCL funded \$1,892,954 (2018 - \$615,000) in exploration expenditures of which \$1,642,006 (2018 – \$558,001) was spent on exploration and evaluation assets. The excess funding received at December 31, 2019 of \$307,947 (2018 – \$56,999) has been allocated to advances received.

#### **James Bay Property – Quebec, Canada**

In 2017, the Company staked claims covering multiple project areas within the James Bay Region of Quebec. This project represents early stage exploration opportunities.

During the year ended December 31, 2019, the Company impaired the James Bay project by \$83,516 as management did not have further plans to explore the property, as such, it has been written down to \$nil.

## **KENORLAND MINERALS LTD.**

Notes to Consolidated Financial Statements

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### **6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)**

#### **Lac Fagnant Property – Quebec, Canada**

On January 16, 2018, and subsequently amended in July 2018, the Company entered into an agreement with Harfang Exploration Inc. ("Harfang") and Urbangold Minerals Inc. ("UrbanGold") for exploration on certain mineral rights comprising certain mining claims on the property located in the Nunavik territory, east of Kuujuarapik on the east coast of Hudson Bay, Quebec.

Under the agreement, the participating interest is as follows: the Company – 40%, Harfang – 40%, and UrbanGold – 20%. Harfang is the operator, which can charge operator fees of 5% on costs incurred in account for exploration expenditures on the Lac Fagnant Property, as long as its participating interest is equal to or greater than the other participants' participating interest.

#### **Fox River Property, Quebec, Canada**

In 2019, the Company staked claims within the Fox River Region of Quebec. During the year ended December 31, 2019, the Company impaired the Fox River project by \$5,877 as management did not have further plans to explore the property, as such, it has been written down to \$nil.

#### **Kukames Property, Quebec, Canada**

In 2019, the Company staked claims within the Kukames Region of Quebec. During the year ended December 31, 2019, the Company impaired the Kukames project by \$20,930 as management did not have further plans to explore the property, as such, it has been written down to \$nil.

#### **Road King Property, Quebec, Canada**

In 2019, the Company staked claims within the Road King Region of Quebec. During the year ended December 31, 2019, the Company impaired the Road King project by \$18,204 as management did not have further plans to explore the property, as such, it has been written down to \$nil.

#### **Chebistuan Property, Quebec, Canada**

In 2019, the Company staked claims within the Treve Region of Quebec.

#### **Thibert Property, British Columbia, Canada**

In 2019, the Company staked claims within the Thibert Region of British Columbia.

## **KENORLAND MINERALS LTD.**

Notes to Consolidated Financial Statements

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### **6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)**

#### **Tanacross Property – Alaska, USA**

The property is located northeast of Tok, Alaska and was acquired by staking and a payment of \$20,000 to an arm's length vendor.

On August 1, 2018, the Company with its wholly owned subsidiaries, 1118892 and KUSA, signed a farm-out agreement with Freeport-McMoRan Mineral Properties Inc. ("FMMP"). Under the agreement FMMP can earn up to an 80% interest in the Tanacross Property by making payments and exploration expenditures as follows:

- a) to acquire an undivided 51% interest, FMMP must:
  - i. pay the Company US\$100,000 (paid (CAD\$128,631)) within 60 days of the agreement;
  - ii. pay the Company US\$50,000 (paid (CAD\$66,015)) and incur US\$500,000 (incurred) in exploration expenditures by September 30, 2019;
  - iii. pay the Company US\$50,000 and incur a further US\$1,000,000 (incurred) in exploration expenditures by September 30, 2020;
  - iv. pay the Company US\$50,000 and incur a further US\$3,500,000 in exploration expenditures by September 30, 2021.

Upon FMMP acquiring the 51% interest, a joint venture will be formed. FMMP may, in its sole discretion, accelerate the schedule for making the payment and incurring exploration expenditures.

- b) to acquire an additional undivided 29% interest (for a total undivided interest of 80%), FMMP must, within 60 days following the completion of acquiring the 51% interest, notify the Company that they will fund an aggregate of an additional \$40 million in expenditures on the property within a six year time period.

In accordance with the agreement, KUSA is the operator and is entitled to charge FMMP operator fees of 5% on exploration expenditure contracts that require payment over US\$500,000 and 10% on all other costs incurred in account for exploration expenditures on the Tanacross Property until FMMP acquires the first 51% interest in the property.

During the year ended December 31, 2019, FMMP funded \$5,842,914 (2018 - \$996,826) in exploration expenditures of which \$5,950,266 (2018 – \$807,985) was spent on exploration and evaluation assets. The excess funding received at December 31, 2019 of \$81,489 (2018 – \$188,841) has been allocated to advances received.

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**6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)****Healy Property – Alaska, USA**

On July 31, 2018, the Company's then 100% owned subsidiary Northway, entered into an agreement (later amended in May 2019) with Newmont North America Exploration Limited ("Newmont") to acquire, by way of contribution (the "Contribution"), up to 70% of the property located in Fairbanks Recording District, Alaska (the "Healy Property").

Northway is entitled to acquire a 70% interest in the Healy Property upon incurring aggregate expenditures of US\$4,000,000 on the property during the phase 1 period of the Contribution.

The following is a summary of the Contribution requirements:

| <b>Period ("Phase 1 Period")</b> | <b>Exploration Requirement<br/>US\$</b> | <b>Aggregate Exploration<br/>Requirement<br/>US\$</b> |
|----------------------------------|-----------------------------------------|-------------------------------------------------------|
| On or before November 30, 2018   | 140,000                                 | 140,000                                               |
| On or before December 31, 2020   | 360,000                                 | 500,000                                               |
| On or before December 31, 2021   | 1,500,000                               | 2,000,000                                             |
| On or before December 31, 2022   | 2,000,000                               | 4,000,000                                             |

Pursuant to the agreement, Northway is required to fund US\$140,000 by November 30, 2018 (funded) and US\$360,000 by December 31, 2020, totaling US\$500,000 ("Mandatory Phase 1 Expenditures"). Northway may terminate the Contribution at any time, in its discretion, subject to satisfying any accrued obligations or liabilities including Mandatory Phase 1 Expenditures, as required.

Upon completing the Phase 1 requirement on the Healy Property, the value of Northway's initial contribution for the 70% interest shall be deemed to be US\$4,000,000 and the value of Newmont's initial contribution for the 30% interest shall be deemed to be US\$1,715,000. From and after the date on which Northway completes the Phase 1 requirement on the Healy Property, Northway and Newmont shall fund an adopted program on a pro-rata basis in accordance with their respective participating interests.

In March 2019, the Company no longer held a controlling interest in Northway; as such, the Healy Property was no longer consolidated into the accounts of the Company.

**KENORLAND MINERALS LTD.**

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**7. EQUIPMENT**

|                             | <b>Computer<br/>equipment</b> | <b>Furniture &amp;<br/>equipment</b> | <b>Total</b> |
|-----------------------------|-------------------------------|--------------------------------------|--------------|
|                             | <b>\$</b>                     | <b>\$</b>                            | <b>\$</b>    |
| <b>Cost:</b>                |                               |                                      |              |
| At December 31, 2017        | -                             | -                                    | -            |
| Additions                   | 2,586                         | -                                    | 2,586        |
| At December 31, 2018        | 2,586                         | -                                    | 2,586        |
| Additions                   | -                             | 3,279                                | 3,279        |
| At December 31, 2019        | 2,586                         | 3,279                                | 5,865        |
| <b>Depreciation:</b>        |                               |                                      |              |
| At December 31, 2017        | -                             | -                                    | -            |
| Additions                   | 711                           | -                                    | 711          |
| At December 31, 2018        | 711                           | -                                    | 711          |
| Additions                   | 1,031                         | 328                                  | 1,359        |
| At December 31, 2019        | 1,742                         | 328                                  | 2,070        |
| <b>Net book value:</b>      |                               |                                      |              |
| At December 31, 2018        | 1,875                         | -                                    | 1,875        |
| <b>At December 31, 2019</b> | <b>844</b>                    | <b>2,951</b>                         | <b>3,795</b> |

**8. RIGHT-OF-USE ASSET AND LEASE LIABILITY**

Commencing June 2019, the Company entered into a three-year term lease agreement for office space in Vancouver, British Columbia.

**Right-of-Use Asset**

|                                     | <b>Office<br/>lease</b> |
|-------------------------------------|-------------------------|
|                                     | <b>\$</b>               |
| <b>Cost:</b>                        |                         |
| Balance, December 31, 2017 and 2018 | -                       |
| Additions                           | 59,170                  |
| Balance, December 31, 2019          | 59,170                  |
| <b>Depreciation:</b>                |                         |
| Balance, December 31, 2017 and 2018 | -                       |
| Additions                           | 11,505                  |
| Balance, December 31, 2019          | 11,505                  |
| <b>Net book value:</b>              |                         |
| Balance, December 31, 2018          | -                       |
| <b>Balance, December 31, 2019</b>   | <b>47,665</b>           |

Depreciation of right-of-use asset is calculated using the straight-line method over the remaining lease term.



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**8. RIGHT-OF-USE ASSET AND LEASE LIABILITY (CONTINUED)****Lease Liability**

|                                               | <b>\$</b>     |
|-----------------------------------------------|---------------|
| Lease liability recognized as of June 1, 2019 | 59,170        |
| Lease payments made                           | (12,789)      |
| Interest expense on lease liability           | 2,233         |
|                                               | 48,614        |
| Less: current portion                         | (19,127)      |
| <b>At December 31, 2019</b>                   | <b>29,487</b> |

The remaining minimum future lease payments, excluding estimated operating costs, for the term of the lease is as follows:

|                                      |           |
|--------------------------------------|-----------|
| January 1, 2020 to December 31, 2020 | \$ 21,924 |
| January 1, 2021 to December 31, 2021 | \$ 21,924 |
| January 1, 2022 to May 31, 2022      | \$ 9,135  |

**9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

|                       | <b>2019</b>    | <b>2018</b>   |
|-----------------------|----------------|---------------|
|                       | <b>\$</b>      | <b>\$</b>     |
| Accounts payable      | 167,047        | 25,728        |
| Accrued liabilities   | 41,210         | 21,000        |
| Payroll taxes payable | 7,285          | 9,659         |
|                       | <b>215,542</b> | <b>56,387</b> |

**10. SHARE CAPITAL AND RESERVES****Authorized share capital**

Authorized share capital consists of an unlimited number of common shares without par value and an unlimited number of preferred shares without par value, non-voting, participating and redeemable at an amount set by the directors.

**Issued share capital**

Transactions for the year ended December 31, 2019 were as follows:

- a) The Company closed a private placement by issuing 1,070,000 common shares at a price of \$0.50 per share for gross proceeds of \$535,000. In connection with this private placement the Company incurred share issue costs of \$6,671.

There were no share capital transactions during the year ended December 31, 2018.

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### 10. SHARE CAPITAL AND RESERVES (CONTINUED)

#### Share options

The Company's stock option plan provides for the issuance of stock options to its officers, directors, employees and consultants. Stock options are non-transferable and the aggregate number of shares that may be reserved for issuance pursuant to stock options may not exceed 10% of the issued shares of the Company at the time of granting. The exercise price and vesting terms of stock options is determined by the Board of Directors of the Company at the time of grant.

In the December 31, 2017 year end and earlier, the Company granted 1,200,000 options vesting over a period of three years and exercisable for a period of five years. During the year ended December 31, 2019, the Company recognized share-based compensation of \$55,855 (2018 - \$64,638) in relation to these options.

In July 2018, the Company granted 400,000 stock options with a total fair value of \$82,414 to a director and employee of the Company. All options granted are exercisable at a price of \$0.30 per share for a period of five years, vesting as follows: 1/3 on the first anniversary, 1/3 on the second anniversary and 1/3 on the third anniversary. During the year ended December 31, 2019, the Company recorded share-based compensation of \$38,707 (2018 - \$22,222) in relation to these options.

In February 2019, the exercise period of 1,600,000 previously granted options was extended by two years.

In September 2019, the Company granted 100,000 stock options with a total fair value of \$37,310 to a consultant of the Company and 150,000 stock options with a total fair value of \$55,912 to an employee of the Company. All options granted are exercisable at a price of \$0.50 per share for a period of five years, vesting as follows: 1/3 on the first anniversary, 1/3 on the second anniversary and 1/3 on the third anniversary. During the year ended December 31, 2019, the Company recorded share-based compensation of \$6,650 and \$8,542, respectively in relation to these options.

The following weighted average assumptions were used in the Black-Scholes option-pricing model for the valuation of the share options granted:

|                                                | 2019    | 2018    |
|------------------------------------------------|---------|---------|
| Risk-free interest rate                        | 1.43%   | 2.12%   |
| Dividend yield                                 | Nil     | Nil     |
| Expected life                                  | 5 years | 5 years |
| Volatility                                     | 100%    | 100%    |
| Weighted average fair value per option granted | \$0.37  | \$0.21  |

Share option transactions are summarized as follows:

|                                   | Number of<br>Stock Options | Weighted Average<br>Exercise Price |
|-----------------------------------|----------------------------|------------------------------------|
|                                   |                            | \$                                 |
| Balance, December 31, 2017        | 1,200,000                  | 0.20                               |
| Granted                           | 400,000                    | 0.30                               |
| Balance, December 31, 2018        | 1,600,000                  | 0.23                               |
| Granted                           | 250,000                    | 0.50                               |
| <b>Balance, December 31, 2019</b> | <b>1,850,000</b>           | <b>0.26</b>                        |

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**10. SHARE CAPITAL AND RESERVES (CONTINUED)****Share options (continued)**

A summary of the share options outstanding and exercisable at December 31, 2019 is as follows:

| <b>Number of<br/>Stock Options<br/>Outstanding</b> | <b>Number of<br/>Stock Options<br/>Exercisable</b> | <b>Exercise Price</b> | <b>Expiry Date</b> |
|----------------------------------------------------|----------------------------------------------------|-----------------------|--------------------|
|                                                    |                                                    | <b>\$</b>             |                    |
| 700,000                                            | 700,000                                            | 0.15                  | October 19, 2023   |
| 100,000                                            | 66,666                                             | 0.15                  | October 2, 2024    |
| 400,000                                            | 266,665                                            | 0.30                  | December 1, 2024   |
| 400,000                                            | 133,332                                            | 0.30                  | July 1, 2025       |
| 100,000                                            | -                                                  | 0.50                  | September 15, 2024 |
| 150,000                                            | -                                                  | 0.50                  | September 27, 2024 |
| <b>1,850,000</b>                                   | <b>1,166,663</b>                                   |                       |                    |

The weighted average life of share options outstanding at December 31, 2019 was 4.6 years.

**Restricted Share Units**

The Company adopted a Restricted Share Unit ("RSU") plan in August 2019 for its directors, officers, employees, and consultants, under which it is authorized to grant:

- If a public company, the maximum number of common shares reserved for issuance under the plan, together with any other share compensation arrangements, shall not exceed 10% of the Company's issued and outstanding common shares; and
- If a private company, no maximum.

Upon vesting, the holder of an RSU award can elect to receive one common share or the equivalent cash payment based on the market price of the common share on settlement.

In September 2019, the Company issued 550,000 RSUs to various employees and directors of the Company all which vest on September 27, 2022. The RSUs were accounted for as cash-settled awards. For the year ended December 31, 2019, the Company recorded share-based compensation expense of \$23,837. The fair value of the RSUs of \$275,000 was measured using the value on grant date. The fair value of the RSUs at December 31, 2019 is also \$275,000.

RSU transactions are summarized as follows:

|                                   | <b>Number of RSUs</b> | <b>Weighted average<br/>fair value at time of<br/>grant</b> |
|-----------------------------------|-----------------------|-------------------------------------------------------------|
| Balance, December 31, 2018        | -                     | \$ -                                                        |
| Granted                           | 550,000               | 0.50                                                        |
| <b>Balance, December 31, 2019</b> | <b>550,000</b>        | <b>\$ 0.50</b>                                              |

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**11. EARNINGS (LOSS) PER COMMON SHARE**

The following table sets forth the computation of basic and diluted earnings (loss) per share:

|                                                                  | 2019       | 2018         |
|------------------------------------------------------------------|------------|--------------|
| Numerator                                                        |            |              |
| Net income (loss) attributable to shareholders                   | \$ 344,850 | \$ (391,816) |
| Denominator                                                      |            |              |
| For basic-weighted average number of common shares outstanding   | 12,656,659 | 12,000,001   |
| Effect of dilutive stock options                                 | 690,526    | -            |
| For diluted weighted average number of common shares outstanding | 13,347,185 | 12,000,001   |
| Earnings (loss) per common share                                 |            |              |
| Basic                                                            | \$ 0.03    | \$ (0.03)    |
| Diluted                                                          | \$ 0.03    | \$ (0.03)    |

**12. RELATED PARTY TRANSACTIONS**

Key management personnel includes those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Company's Board of Directors and corporate officers and related companies.

|                                   | 2019           | 2018           |
|-----------------------------------|----------------|----------------|
|                                   | \$             | \$             |
| Exploration and evaluation assets | 50,090         | 72,256         |
| Geologists                        | 180,320        | 76,184         |
| Salaries and benefits             | 148,984        | 84,517         |
| Stock-based compensation          | 101,379        | 70,224         |
|                                   | <b>480,773</b> | <b>303,181</b> |

During the year ended December 31, 2019, the Company entered into the following transactions with related parties, not disclosed elsewhere in these financial statements:

- Paid wages to key management personnel of \$379,394 (2018 - \$232,957) of which \$180,320 (2018 - \$76,184) was included in geologists, \$148,984 (2018 - \$84,517) was included in salaries and benefits and \$50,090 (2018 - \$72,256) was capitalized to exploration and evaluation assets.
- Paid consulting fees of \$42,250 (2018 - \$13,000) to a corporate officer and their related company which was capitalized to exploration and evaluation assets.
- As at December 31, 2019, \$Nil (2018 - \$25,000) was included in due to related party owing to a director of Northway.
- As at December 31, 2019, \$88 (2018 - \$Nil) was included in accounts payable and accrued liabilities owing to a corporate officer.
- Received rent recoveries of \$4,000 (2018 - \$Nil) from a company related by way of common directors and officers.

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**13. NON-CONTROLLING INTEREST**

As at December 31, 2018, the Company held a 57% ownership interest in Northway. On January 25, 2019, the Company's interest in Northway was increased to 67%. On March 18, 2019, the Company's interest in Northway was decreased to 38%, as such, the non-controlling interest was subsequently eliminated.

The following table presents the changes in equity attributable to the non-controlling interest in Northway:

|                                                          | <b>2019</b> | <b>2018</b>   |
|----------------------------------------------------------|-------------|---------------|
|                                                          | <b>\$</b>   | <b>\$</b>     |
| Balance, beginning of year                               | 64,978      | -             |
| Changes in non-controlling interest of Northway (Note 5) | -           | 150,001       |
| Share of comprehensive loss for the period               | (361)       | (85,023)      |
| Elimination of non-controlling interest                  | (64,617)    |               |
| <b>Balance, end of year</b>                              | <b>-</b>    | <b>64,978</b> |

The following table presents the non-controlling interest as at December 31, 2019 and 2018:

|                                 | <b>2019</b> | <b>2018</b>   |
|---------------------------------|-------------|---------------|
|                                 | <b>\$</b>   | <b>\$</b>     |
| <b>Assets</b>                   |             |               |
| Current                         | -           | 8,595         |
| Non-current                     | -           | 269,358       |
|                                 | -           | 277,953       |
| <b>Liabilities</b>              |             |               |
| Current                         | -           | 126,326       |
| Non-current                     | -           | -             |
|                                 | -           | 126,326       |
| Net assets                      | -           | 151,627       |
| <b>Non-controlling interest</b> | <b>-</b>    | <b>64,978</b> |

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### 14. FINANCIAL INSTRUMENTS

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Unobservable inputs that are supported by little or no market activity, therefore requiring an entity to develop its own assumptions about the assumption that market participants would use in pricing.

The fair value of the Company's receivables, accounts payable and accrued liabilities, advances received, and due to related party approximates their carrying values. The Company's cash and investments in common shares are measured at fair value using Level 1 inputs. The Company's investments in warrants are measured at fair value using Level 3 inputs. The carrying value of the Company's lease liability is measured at the present value of the discounted future cash flows.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

a) Currency risk

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company's operations are carried out in Canada and the United States. As at December 31, 2019, the Company had current assets totaling US\$40,892 and current liabilities totalling US\$Nil. These factors expose the Company to foreign currency exchange rate risk, which could have an adverse effect on the profitability of the Company. A 1% change in the exchange rate would change other comprehensive income/loss by approximately CAD\$530. At this time, the Company currently does not have plans to enter into foreign currency future contracts to mitigate this risk, however it may do so in the future

b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company's cash is held in a large Canadian financial institution. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk. The Company's sales tax receivable is due from the Government of Canada and Revenu Quebec therefore, the credit risk exposure is low.

The maximum exposure to credit risk as at December 31, 2019 and 2018 is the carrying value of the trade accounts receivable. The Company has not provided for an expected credit loss as management believes the funds are fully collectible.

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### 14. FINANCIAL INSTRUMENTS (CONTINUED)

c) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks or credit unions.

d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet liabilities when they become due. As at December 31, 2019, the Company had a cash balance of \$659,469 to settle current liabilities of \$846,521.

e) Commodity Price risk

The ability of the Company to explore and develop its exploration and evaluation assets and the future profitability of the Company are directly related to the price of gold. The Company monitors metals prices to determine the appropriate course of action to be taken.

f) Market price risk

Market price risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its holdings of financial instruments.

### 15. CAPITAL MANAGEMENT

The Company considers its capital structure to include the components of shareholders' equity. Management's objective is to ensure that there is sufficient capital to minimize liquidity risk and to continue as a going concern. As an exploration stage company, the Company is currently unable to self-finance its operations. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future, or that the terms of such financings will be favourable. The Company's share capital is not subject to any external restrictions and the Company did not change its approach to capital management during the year.

### 16. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

|                                                         | 2019    | 2018  |
|---------------------------------------------------------|---------|-------|
|                                                         | \$      | \$    |
| Supplemental non-cash disclosures                       |         |       |
| Exploration and evaluation assets in accounts payable   | 169,510 | 8,394 |
| Exploration and evaluation assets in receivables        | 9,197   | 7,417 |
| Accounts receivable settlement                          | 100,000 | -     |
| Recognition of right-of-use asset and lease liabilities | 59,170  | -     |



**KENORLAND MINERALS LTD.**

Notes to Consolidated Financial Statements

For the year ended December 31, 2019

(Expressed in Canadian Dollars)

**17. SEGMENTED INFORMATION**

The Company has one operating segment, being the exploration of mineral properties. Geographic information is as follows:

| <b>As at December 31, 2019</b>    |                |                |                  |
|-----------------------------------|----------------|----------------|------------------|
|                                   | <b>Canada</b>  | <b>USA</b>     | <b>Total</b>     |
|                                   | <b>\$</b>      | <b>\$</b>      | <b>\$</b>        |
| Exploration and evaluation assets | 521,352        | 546,333        | 1,067,685        |
| Equipment                         | 3,795          | -              | 3,795            |
| Right-of-use asset                | 47,665         | -              | 47,665           |
|                                   | <b>572,812</b> | <b>546,333</b> | <b>1,119,145</b> |

| <b>As at December 31, 2018</b>    |                |                |                  |
|-----------------------------------|----------------|----------------|------------------|
|                                   | <b>Canada</b>  | <b>USA</b>     | <b>Total</b>     |
|                                   | <b>\$</b>      | <b>\$</b>      | <b>\$</b>        |
| Exploration and evaluation assets | 377,356        | 791,254        | 1,168,610        |
| Equipment                         | 1,875          | -              | 1,875            |
|                                   | <b>379,231</b> | <b>791,254</b> | <b>1,170,485</b> |

**18. INCOME TAXES**

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

|                                                                    | <b>2019</b> | <b>2018</b> |
|--------------------------------------------------------------------|-------------|-------------|
|                                                                    | <b>\$</b>   | <b>\$</b>   |
| Income (loss) for the year                                         | 344,850     | (391,816)   |
| Expected tax (recovery)                                            | 93,000      | (106,000)   |
| Change in statutory, foreign tax, foreign exchange rates and other | 1,000       | (13,000)    |
| Permanent differences                                              | (104,000)   | 22,000      |
| Adjustment to prior years provision versus statutory tax returns   | -           | (23,000)    |
| Change in unrecognized deductible temporary differences            | 10,000      | 120,000     |
| <b>Income tax expense (recovery)</b>                               | <b>-</b>    | <b>-</b>    |

The significant components of the Company's deferred tax assets and liabilities are as follows:

|                                   | <b>2019</b> | <b>2018</b> |
|-----------------------------------|-------------|-------------|
|                                   | <b>\$</b>   | <b>\$</b>   |
| Deferred tax assets (liabilities) |             |             |
| Investment in equity instruments  | (65,000)    | -           |
| Non-capital losses                | 65,000      | -           |
| <b>Net deferred tax liability</b> | <b>-</b>    | <b>-</b>    |

**KENORLAND MINERALS LTD.**

Notes to Consolidated Financial Statements

For the year ended December 31, 2019

(Expressed in Canadian Dollars)

**18. INCOME TAXES (CONTINUED)**

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

|                                                 | 2019    | Expiry Date<br>Range | 2018    | Expiry Date<br>Range |
|-------------------------------------------------|---------|----------------------|---------|----------------------|
|                                                 | \$      |                      | \$      |                      |
| <b>Temporary Differences</b>                    |         |                      |         |                      |
| Exploration and evaluation assets               | 56,000  | No expiry date       | 205,000 | No expiry date       |
| Property and equipment                          | -       | No expiry date       | 1,000   | No expiry date       |
| Allowable capital losses                        | 84,000  | No expiry date       | 84,000  | No expiry date       |
| Non-capital losses available for future periods |         |                      |         |                      |
| Canada                                          | 216,000 | 2036 to 2039         | 156,000 | 2036 to 2038         |
| USA                                             | 31,000  | No expiry date       | -       |                      |

**19. SUBSEQUENT EVENTS**

- a) In January 2020, the Company entered into a two and half year term lease agreement to coincide with the existing lease agreement, for additional office space in Vancouver, British Columbia. The remaining minimum future lease payments, excluding operating costs are as follows:

|      |          |
|------|----------|
| 2020 | \$ 8,540 |
| 2021 | \$ 8,540 |
| 2022 | \$ 3,558 |

- b) In February 2020, the Company closed a non-brokered private placement financing of 1,259,000 common shares at a price of \$0.50 per share for proceeds of \$629,500. The Company paid finders' fees of \$4,515 in connection with the private placement.
- c) In March 2020, the Company closed a non-brokered private placement financing of 780,000 common shares at a price of \$0.50 per share for proceeds of \$390,000.
- d) In March 2020, the Company issued 100,000 common shares in connection with the exercise of 100,000 stock options with an exercise price of \$0.15 for a total proceeds of \$15,000.
- e) In March 2020, the Company granted 1,650,000 of stock options to employees and consultants of the Company with an exercise price of \$0.50 per share for a period of five years, vesting as follows: 1/3 on the first anniversary, 1/3 on the second anniversary and 1/3 on the third anniversary.
- f) In April 2020, the Company entered into an asset sale and royalty agreement with Kingfisher Resources Ltd. ("Kingfisher"). Under the agreement, the Company sold certain mineral claims located in British Columbia, Canada to Kingfisher. In exchange the Company received:
- 500,000 common shares of Kingfisher at a value of \$0.10 per share for total proceeds of \$50,000; and
  - Entitled to a 2.0% net smelter return royalty with respect to the mineral claims sold.
- g) In April 2020, the Company entered into a purchase agreement with three individuals to purchase mineral claims in Quebec for a purchase price of \$10,800.

## KENORLAND MINERALS LTD.

Notes to Consolidated Financial Statements  
For the year ended December 31, 2019  
(Expressed in Canadian Dollars)

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### 19. SUBSEQUENT EVENTS (CONTINUED)

- h) In April 2020, the Company entered into a purchase agreement with O3 Mining Inc. ("O3") to purchase mineral claims in Quebec for a purchase price of \$900,000. Under the agreement, the payment terms of \$100,000 upon execution of agreement (paid); \$150,000 on the first year anniversary; \$250,000 on the second year anniversary; and \$400,000 on the third year anniversary.

When the Company acquires 100% interest in the property and it goes into commercial production, O3 will be entitled to receive a 2.0% net smelter return royalty with the right to purchase one half of royalty upon the payment of \$1,000,000.

- i) In June 2020, Freeport-McMoRan Mineral Properties Inc. ("FMMP") gave notice of the termination of the farm-out agreement with respect to the Tanacross Property. As part of the amendment and termination of the farm-out agreement, the Company agreed to provide FMMP with a 1% net smelter royalty on the property in exchange the Company will receive a payment of US\$50,260 in November 2020.
- j) In June 2020, the Company entered into an asset sale and royalty agreement with Kingfisher Resources Ltd. ("Kingfisher") with respect to the Thibert Property. Under the agreement, the Company sold certain mineral claims located in British Columbia, Canada to Kingfisher. In exchange the Company received:
- i. 1,000,000 common shares of Kingfisher at a value of \$0.10 per share for total proceeds of \$100,000;
  - ii. Additional shares with a value of \$100,000 upon the date of the first anniversary that Kingfisher commences trading on the TSX Venture Exchange; and
  - iii. A 2.0% net smelter return royalty with respect to the mineral claims sold.
- k) In July 2020, the Company entered into an Option Agreement with G.L. Geoservice Inc. and another individual ("Optionors") for a property located in Quebec. Under the agreement, the Company will be the operator and has the option to acquire 100% interest in the property by making payments and exploration expenditures as follows:
- i. The Company must pay the following cash payments of \$50,000 upon signing of the Agreement (paid); \$75,000 on or before the 1<sup>st</sup> anniversary, \$100,000 on or before the 2<sup>nd</sup> anniversary, \$125,000 on or before the 3<sup>rd</sup> anniversary and \$250,000 on or before the 4<sup>th</sup> anniversary; and
  - ii. The Company must carry out mining work on the property incurring aggregate expenditures of \$1,000,000 on or before the 4<sup>th</sup> anniversary.

If and when the option is exercised, the Company will acquire 100% interest in the property and will grant the Optionors a 1.0% net smelter return royalty with the right to purchase one half of royalty upon the payment of \$1,000,000.

- l) In July 2020, the Company entered into a purchase and royalty agreement with Vanstar Mining Resources Inc. ("Vanstar"). Under the agreement, the Company agreed to purchase mineral claims located in Quebec from Vanstar in exchange the Company agreed to :
- i. Payment of \$20,000 immediately upon signing the agreement to Vanstar (paid); and
  - ii. In the event of commercial production with respect to these mineral claims, Vanstar is entitled to a 2.0% on net smelter return royalty. Half of the royalty (1.0% of net smelter income) can be redeemed at the Company's discretion for consideration of \$1,000,000 payable in cash in lump sum. The Company holds the right of first refusal over this same 1.0% of royalty owned by Vanstar.

## KENORLAND MINERALS LTD.

Notes to Consolidated Financial Statements  
For the year ended December 31, 2019  
(Expressed in Canadian Dollars)

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### 19. SUBSEQUENT EVENTS (CONTINUED)

- m) In July 2020, the Company entered into exploration with venture option agreement with Newmont Corporation ("Newmont"). Under the agreement, the Company is the operator, which can charge operator fees of 10% on costs incurred in account for exploration expenditures, except for invoices equaling or exceeding \$200,000 individually, which in case the fee would be 5%, until the completion of Newmont acquiring 51% interest in the Chebistuan property. In order to acquire 51% interest, Newmont must:
  - i. advance the Company a minimum of \$700,000 in qualifying expenditures to complete the geochemical sampling work;
  - ii. pay the Company an annual cash payment of \$50,000 on the first and second anniversary of completion and approval of the geochemical sampling work; and
  - iii. advance the Company an additional \$2,000,000 in qualifying expenditures.
- n) In July 2020, the Company entered into a non-binding letter of intent with Northway, whereby Northway will acquire all the issued and outstanding shares of the Company. The transaction is subject to a number of terms and conditions, including, but not limited to, the parties entering into a definitive agreement with respect to the transaction on or before August 31, 2020, the completion of satisfactory due diligence, the completion of a private placement of \$10 million by Northway, the completion of a share consolidation by Northway, the approval of the TSX-V and other applicable regulatory authorities.
- o) In August 2020, the Company entered into a sale agreement with 1247667 BC Ltd. ("1247667 BC") to sell mineral claims in Quebec in exchange for a 15% interest of 1247667 BC and a net smelter return royalty of 2%.
- p) In August 2020, the Company entered into a sale and transfer agreement to purchase mineral titles from two individuals for a total purchase price of \$10,000 and a net smelter return royalty of 1.5%.
- q) In September 2020, the Company entered into a definitive amalgamation agreement with Northway (the "Amalgamation Agreement"). The transaction contemplated by the Amalgamation Agreement (the "Transaction") will result in a reverse takeover of Northway by the Company in accordance with the policies of the TSX Ventures Exchange ("TSXV").

Prior to the closing of the Transaction, the outstanding common shares of Northway ("NTW Shares") will be consolidated on the basis of one (1) new NTW Share for every seven (7) existing NTW Shares (the "Consolidation"). Under the terms of the Amalgamation Agreement, the Transaction will be completed by way of a three-cornered amalgamation under the Business Corporations Act (British Columbia), whereby:

- i. 1265114 B.C. Ltd. ("Subco"), a subsidiary created for the purposes of completing the Transaction, will amalgamate with and into the Company, with the amalgamated entity ("Amalco") becoming a wholly owned subsidiary of Northway;
- ii. each outstanding share of the Company shall be converted into the right to receive two (2) post-Consolidation NTW Shares;
- iii. all NTW Shares held by the Company will be canceled without any repayment of capital; and
- iv. Amalco will become a wholly-owned subsidiary of Northway.

Concurrently with closing of the Transaction, Northway is expected to change its name to "Kenorland Minerals Ltd." or such other name as the parties may determine.

In connection with the Transaction, the Company plans to complete a concurrent financing of 10,000,000 subscription receipts to raise aggregate gross proceeds of \$10,000,000 (the "Private Placement"), with each subscription receipt converted into shares of the Company immediately prior to the completion of the Transaction.

**KENORLAND MINERALS LTD.**

Notes to Consolidated Financial Statements

For the year ended December 31, 2019

(Expressed in Canadian Dollars)

**19. SUBSEQUENT EVENTS (CONTINUED)**

Pursuant to the terms of the Amalgamation Agreement, completion of the Transaction will be subject to a number of conditions, including but not limited to, closing conditions customary to transactions of the nature of the Transaction, including the completion of the Consolidation, the completion of the Private Placement, approval of the shareholders of the Company and Northway, approvals of all regulatory bodies having jurisdiction in connection with the Transaction and approval of the TSXV including the satisfaction of its initial listing requirements.

**20. RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS**

The Company has restated the previously issued December 31, 2019 consolidated financial statements to reflect the fair value of the warrants issued to the Company in connection with the units received in January 2019 from Northway (Note 5). The effect on the consolidated statement of financial position at December 31, 2019 is to increase investment in equity instruments by \$105,961 to \$585,961. The effect on the consolidated statement of income (loss) is to increase net income for the year ending December 31, 2019 by \$105,961 to \$344,489. Basic and diluted earnings per share increased from \$0.02 to \$0.03 per share, respectively. There was no effect on total cash flows used for operating, investing and financing activities.

**SCHEDULE “H”**

**MD&A OF KENORLAND FOR THE YEAR ENDED DECEMBER 31, 2019**

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**KENORLAND MINERALS LTD**

**MANAGEMENT DISCUSSION AND ANALYSIS**

**FOR THE YEAR ENDED DECEMBER 31, 2019**



**KENORLAND MINERALS LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2019**

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**General**

The purpose of this Management Discussion and Analysis (“**MD&A**”) is to explain management’s point of view regarding the past performance and future outlook of Kenorland Minerals Ltd. (“**Kenorland**” or the “**Company**”). This report also provides information to improve the reader’s understanding of the financial statements and related notes as well as important trends and risks affecting the Company’s financial performance, and should therefore be read in conjunction with the Company’s audited consolidated financial statements for the years ended December 31, 2019 and 2018 (the “**Financial Statements**”).

All information contained in this MD&A is current as of October 29, 2020 unless otherwise stated.

The Financial Statements and related notes and all financial information in this MD&A has been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board (“**IASB**”) and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

**Overview**

Kenorland was incorporated on July 13, 2016 under the Business Corporations Act of British Columbia. Its principal business activities include the acquisition and exploration of precious and base metal mineral properties in Quebec, Canada, British Columbia, Canada, and Alaska, USA.

**Corporate Activities**

In February 2019, the Company entered into an earn-in and joint venture exploration agreement with Sumitomo Metal Mining Canada Limited (“**SMCL**”). Under the agreement, the Company is the operator, which can charge operator fees of 10% on costs incurred in account for exploration expenditures, until the completion of SMCL acquiring 51% interest of the property and SMCL can earn up to a 70% interest in the Chicobi Property by making exploration expenditures as follows:

1. to acquire an undivided 51% interest, SMCL must:
  - a. on or before May 31, 2022, fund an aggregate of \$4.9 million in expenditures on the Chicobi Property. During such period, SMCL irrevocably commits to fund \$1,200,000 of these expenditures.
2. to acquire an additional undivided 19% interest (for a total undivided interest of 70%), within 90 days following the completion of acquiring 51% interest, SMCL must
  - a. notify the Company that they will fund an aggregate of an additional \$10 million in expenditures on the property within the three year time period.

If the participating interest in the joint venture property of any party is diluted to 10% or less whether by reason of failure to complete funding contribution requirements or default that the participating interest will be deemed to have been automatically converted to a 2% net smelter return royalty in favor of the other party in respect of minerals produced from the property. If the party whose participating interest is so forfeited will be deemed to have abandoned and the full benefit, ownership and title of the property shall be deemed to have passed to the other party for the payment of good and valuable consideration.

In March 2019, Northway Resources Corp., a subsidiary of the Company, (“**Northway**”) closed a non-brokered private placement financing of 9,000,000 common shares at a price of \$0.05 per share for proceeds of \$450,000. As a result of the financing, the Company no longer held a controlling interest in Northway.

In June 2019, the Company closed a non-brokered private placement financing of 1,070,000 common shares at a price of \$0.50 per share for gross proceeds of \$535,000.

In February 2020, the Company closed a non-brokered private placement financing of 1,259,000 common shares at a price of \$0.50 per share for gross proceeds of \$629,500. The Company paid finders’ fees of \$4,515 in connection with the private placement.

In March 2020, the Company closed a non-brokered private placement financing of 780,000 common shares at a price of \$0.50 per share for gross proceeds of \$390,000. The Company incurred expenses of \$7,948 related to the financing.

In March 2020, the Company issued 100,000 common shares in connection with the exercise of 100,000 stock options with an exercise price of \$0.15 for a total proceeds of \$15,000.

**KENORLAND MINERALS LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2019**

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In March 2020, the Company granted 1,650,000 of stock options to employees and consultants of the Company with an exercise price of \$0.50 per share for a period of five years, vesting as follows: 1/3 on the first anniversary, 1/3 on the second anniversary and 1/3 on the third anniversary.

In April 2020, the Company entered into an asset sale and royalty agreement with Kingfisher Resources Ltd. (“**Kingfisher**”). Under the agreement, the Company sold certain mineral claims located in British Columbia, Canada to Kingfisher. In exchange the Company received:

1. 500,000 common shares of Kingfisher at a value of \$0.10 per share for total proceeds of \$50,000; and
2. Retained a 2.0% net smelter return royalty with respect to the mineral claims sold.

In April 2020, the Company entered into a purchase agreement with three individuals to purchase mineral claims in Quebec for a purchase price of \$10,800.

In April 2020, the Company entered into a purchase agreement with O3 Mining Inc. (“**O3**”) to purchase mineral claims in Quebec for a purchase price of \$900,000. Terms of the agreement are as follow: \$100,000 upon execution of the agreement (paid); \$150,000 on the first year anniversary; \$250,000 on the second year anniversary; and \$400,000 on the third year anniversary.

Once the Company acquires a 100% interest in the property and it begins commercial production, O3 will be entitled to receive a 2.0% net smelter return royalty with the Company having the right to purchase one half of the royalty upon the payment of \$1,000,000.

In June 2020, Freeport-McMoRan Mineral Properties Inc. (“**FMMP**”) gave notice of the termination of the farm-out agreement. As part of the amendment and termination of the farm-out agreement, the Company agreed to provide FMMP with a 1% net smelter royalty on the property in exchange the Company will receive a payment of US\$50,260 in November 2020.

In June 2020, the Company entered into an asset sale and royalty agreement with Kingfisher Resources Ltd. (“**Kingfisher**”). Under the agreement, the Company sold certain mineral claims located in British Columbia, Canada to Kingfisher. In exchange the Company received:

1. 1,000,000 common shares of Kingfisher at a value of \$0.10 per share for total proceeds of \$100,000;
2. Additional shares with a value of \$100,000 upon the date of the first anniversary that Kingfisher commences trading on the TSX Venture Exchange; and
3. Retained a 2.0% net smelter return royalty with respect to the mineral claims sold.

In July 2020, the Company entered into an Option Agreement with G.L. Geoservice Inc. and another individual (“**Optionors**”) for a property located in Quebec. Under the agreement, the Company will be the operator and has the option to acquire 100% interest in the property by making payments and exploration expenditures as follows:

1. cash payments of \$50,000 upon signing of the Agreement (paid); \$75,000 on or before the 1<sup>st</sup> anniversary, \$100,000 on or before the 2<sup>nd</sup> anniversary, \$125,000 on or before the 3<sup>rd</sup> anniversary and \$250,000 on or before the 4<sup>th</sup> anniversary; and
2. the Company must incur aggregate mining expenditures of \$1,000,000 on or before the 4<sup>th</sup> anniversary.

If and when the option is exercised, the Company will acquire 100% interest in the property and will grant the Optionors a 1.0% net smelter return royalty with the right to purchase one half of the royalty upon the payment of \$1,000,000.

In July 2020, the Company entered into a purchase and royalty agreement with Vanstar Mining Resources Inc. (“**Vanstar**”). Under the agreement, the Company agreed to purchase mineral claims located in Quebec from Vanstar in exchange the Company agreed to:

1. Payment of \$20,000 immediately upon signing the agreement to Vanstar (paid); and
2. In the event of commercial production with respect to these mineral claims, Vanstar is entitled to a 2.0% net smelter return royalty. One-half of the royalty (1.0% net smelter return royalty) can be bought down at the Company’s discretion for consideration of \$1,000,000. The Company holds the right of first refusal over this same 1.0% royalty.

In July 2020, the Company entered into an exploration with venture option agreement with Newmont Corporation (“**Newmont**”). Under the agreement, the Company is the operator, and can charge operator fees of 10% on costs incurred in account of exploration expenditures, except for invoices equaling or exceeding \$200,000 individually, in

**KENORLAND MINERALS LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2019**

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which case the fee would be 5%, until Newmont earned 51% interest in the Chebistuan property. In order to acquire the 51% interest, Newmont must:

1. advance the Company a minimum of \$700,000 in qualifying expenditures to complete geochemical sampling work;
2. pay the Company an annual cash payment of \$50,000 on the first and second anniversary of completion and approval of the geochemical sampling work; and
3. advance the Company an additional \$2,000,000 in qualifying expenditures.

In August 2020, the Company entered into a sale agreement with 1247667 BC Ltd. (“**1247667 BC**”) to sell mineral claims in Quebec in exchange for a 15% interest of 1247667 BC and a net smelter return royalty of 2%.

In August 2020, the Company entered a sale and transfer agreement to purchase mineral titles from two individuals for a total purchase price of \$10,000 and a net smelter return royalty of 1.5%.

In September 2020, the Company entered into a definitive amalgamation agreement with Northway (the “**Amalgamation Agreement**”). The transaction contemplated by the Amalgamation Agreement (the “**Transaction**”) will result in a reverse takeover of Northway by the Company in accordance with the policies of the TSX Ventures Exchange. Upon completion of the Transaction, it is anticipated that the Company will be listed as a Tier 2 Mining issuer and will carry on the combined business of the Company and Northway (the “**Resulting Issuer**”)

Prior to the closing of the Transaction, the outstanding common shares of Northway (“**NTW Shares**”) will be consolidated on the basis of one (1) new NTW Share for every seven (7) existing NTW Shares (the “**Consolidation**”).

Under the terms of the Amalgamation Agreement, the Transaction will be completed by way of a three-cornered amalgamation under the Business Corporations Act (British Columbia), whereby:

- a) 1265114 B.C. Ltd. (“**Subco**”), a subsidiary created for the purposes of completing the Transaction, will amalgamate with and into the Company, with the amalgamated entity (“**Amalco**”) becoming a wholly owned subsidiary of Northway;
- b) each outstanding share of the Company shall be converted into the right to receive two (2) post-Consolidation NTW Shares;
- c) all NTW Shares held by the Company will be canceled without any repayment of capital; and
- d) Amalco will become a wholly-owned subsidiary of Northway.

Concurrently with closing of the Transaction, Northway is expected to change its name to “Kenorland Minerals Ltd.” or such other name as the parties may determine.

In connection with the Transaction, the Company plans to complete a concurrent financing of 10,000,000 subscription receipts to raise aggregate gross proceeds of \$10,000,000 (the “**Private Placement**”), with each subscription receipt converted into shares of the Company immediately prior to the completion of the Transaction. As Kenorland is the holder of 6,000,000 common shares of Northway, representing 14.50% of the current issued and outstanding shares, the Transaction constitutes a ‘related party transaction’ as defined in Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions (“**MI 61-101**”). As a result, the completion of the Transaction will be subject to majority of the minority shareholder approval requirements of MI 61-101.

Pursuant to the terms of the Amalgamation Agreement, completion of the Transaction will be subject to a number of conditions, including but not limited to, closing conditions customary to transactions of the nature of the Transaction, including the completion of the Consolidation, the completion of the Private Placement, approval of the shareholders of the Company and Northway, approvals of all regulatory bodies having jurisdiction in connection with the Transaction and approval of the TSXV including the satisfaction of its initial listing requirements.

**KENORLAND MINERALS LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2019**

**Geological Summary**

Exploration and Evaluation Properties

For the year ended December 31, 2019, the Company incurred exploration and evaluation expenditures of \$272,523 (net of elimination of subsidiary, impairment, and option payment received) as compared to \$431,248 (net of option payment received) in the comparative year for 2018. The total cumulative acquisition and deferred exploration costs of the Company to December 31, 2019 are summarized as follows:

|                                      | Quebec        |                |               |                |              |          |           |                | British<br>Columbia | Total<br>Canada |
|--------------------------------------|---------------|----------------|---------------|----------------|--------------|----------|-----------|----------------|---------------------|-----------------|
|                                      | Chicobi       | Frotet         | James Bay     | Lac<br>Fagnant | Fox<br>River | Kukames  | Road King | Chebistuan     | Thibert             |                 |
|                                      | \$            | \$             | \$            | \$             | \$           | \$       | \$        | \$             | \$                  | \$              |
| <b>Balance, December 31, 2017</b>    | -             | 162,182        | 75,576        | -              | -            | -        | -         | -              | -                   | 237,758         |
| Acquisition costs                    | -             | -              | -             | 4,298          | -            | -        | -         | -              | -                   | 4,298           |
| Exploration expenditures:            |               |                |               |                |              |          |           |                |                     |                 |
| Assays                               | -             | 248,170        | -             | -              | -            | -        | -         | -              | -                   | 248,170         |
| Staking and claim maintenance        | 62,007        | 32,237         | 1,268         | 47             | -            | -        | -         | -              | -                   | 95,559          |
| Consulting                           | 10,303        | 227,545        | 2,315         | 757            | -            | -        | -         | -              | -                   | 240,920         |
| Geological                           | 1,684         | 19,752         | -             | 5,443          | -            | -        | -         | -              | -                   | 26,879          |
| Supplies                             | 321           | 16,096         | 4,357         | -              | -            | -        | -         | -              | -                   | 20,774          |
| Travel and accommodations            | 11,683        | 48,033         | -             | 1,283          | -            | -        | -         | -              | -                   | 60,999          |
| Contribution received from optionees | 85,998        | 591,833        | 7,940         | 11,828         | -            | -        | -         | -              | -                   | 697,599         |
|                                      | -             | (558,001)      | -             | -              | -            | -        | -         | -              | -                   | (558,001)       |
| <b>Balance, December 31, 2018</b>    | <b>85,998</b> | <b>196,014</b> | <b>83,516</b> | <b>11,828</b>  | -            | -        | -         | -              | -                   | <b>377,356</b>  |
| Exploration expenditures:            |               |                |               |                |              |          |           |                | -                   |                 |
| Assays                               | 104,877       | 295,025        | -             | -              | -            | 5,493    | 4,136     | -              | 703                 | 410,234         |
| Staking and claim maintenance        | 5,220         | 12,920         | -             | -              | 5,877        | 12,684   | 14,068    | 145,622        | 21,856              | 218,247         |
| Consulting                           | 463,894       | 765,254        | -             | -              | -            | 2,753    | -         | -              | 16,263              | 1,248,164       |
| Drilling                             | 733,267       | -              | -             | -              | -            | -        | -         | -              | -                   | 733,267         |
| Geological                           | 8,800         | 368,820        | -             | 1,328          | -            | -        | -         | -              | 33,441              | 412,389         |
| Site development                     | 6,284         | -              | -             | -              | -            | -        | -         | -              | -                   | 6,284           |
| Supplies                             | 88,784        | 50,263         | -             | -              | -            | -        | -         | -              | -                   | 139,047         |
| Travel and accommodations            | 92,148        | 149,724        | -             | -              | -            | -        | -         | -              | -                   | 241,872         |
| Contribution received from optionees | 1,503,274     | 1,642,006      | -             | 1,328          | 5,877        | 20,930   | 18,204    | 145,622        | 72,263              | 3,409,504       |
| Impairment                           | (1,494,975)   | (1,642,006)    | -             | -              | -            | -        | -         | -              | -                   | (3,136,981)     |
|                                      | -             | -              | (83,516)      | -              | (5,877)      | (20,930) | (18,204)  | -              | -                   | (128,527)       |
| <b>Balance, December 31, 2019</b>    | <b>94,297</b> | <b>196,014</b> | -             | <b>13,156</b>  | -            | -        | -         | <b>145,622</b> | <b>72,263</b>       | <b>521,352</b>  |

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|                                      | Total Canada   | Alaska         |                | Total USA      | Total            |
|--------------------------------------|----------------|----------------|----------------|----------------|------------------|
|                                      |                | Tanacross      | Healy          |                |                  |
|                                      | \$             | \$             | \$             | \$             | \$               |
| <b>Balance, December 31, 2017</b>    | <b>237,758</b> | <b>628,235</b> | <b>-</b>       | <b>628,235</b> | <b>865,993</b>   |
| Acquisition costs                    | 4,298          | -              | -              | -              | 4,298            |
| Exploration expenses                 |                |                |                |                |                  |
| Assays                               | 248,170        | 200,326        | 52,433         | 252,759        | 500,929          |
| Staking and claim maintenance        | 95,559         | 160,773        | 76,021         | 236,794        | 332,353          |
| Consulting                           | 240,920        | 137,682        | -              | 137,682        | 378,602          |
| Geological                           | 26,879         | 322,053        | 27,797         | 349,850        | 376,729          |
| Supplies                             | 20,774         | 35,705         | 6,526          | 42,231         | 63,005           |
| Travel and accommodation             | 60,999         | 64,190         | 16,129         | 80,319         | 141,318          |
| Contribution received from optionees | 697,599        | 920,729        | 178,906        | 1,099,635      | 1,797,234        |
| Option payment received              | (558,001)      | (807,985)      | -              | (807,985)      | (1,365,986)      |
|                                      | -              | (128,631)      | -              | (128,631)      | (128,631)        |
| <b>Balance, December 31, 2018</b>    | <b>377,356</b> | <b>612,348</b> | <b>178,906</b> | <b>791,254</b> | <b>1,168,610</b> |
| Exploration expenses                 |                |                |                |                |                  |
| Assays                               | 410,234        | 425,638        | -              | 425,638        | 835,872          |
| Staking and claim maintenance        | 218,247        | 161,618        | -              | 161,618        | 379,865          |
| Consulting                           | 1,248,164      | 671,734        | -              | 671,734        | 1,919,898        |
| Drilling                             | 733,267        | 1,942,257      | -              | 1,942,257      | 2,675,524        |
| Geological                           | 412,389        | 559,497        | -              | 559,497        | 971,886          |
| Site development                     | 6,284          | 14,082         | -              | 14,082         | 20,366           |
| Supplies                             | 139,047        | 848,280        | -              | 848,280        | 987,327          |
| Travel and accommodation             | 241,872        | 1,327,160      | -              | 1,327,160      | 1,569,032        |
| Contribution received from optionees | 3,409,504      | 5,950,266      | -              | 5,950,266      | 9,359,770        |
| Option payment received              | (3,136,981)    | (5,950,266)    | -              | (5,950,266)    | (9,087,247)      |
| Elimination of subsidiary            | -              | (66,015)       | -              | (66,015)       | (66,015)         |
| Impairment                           | -              | -              | (178,906)      | (178,906)      | (178,906)        |
|                                      | (128,527)      | -              | -              | -              | (128,527)        |
| <b>Balance, December 31, 2019</b>    | <b>521,352</b> | <b>546,333</b> | <b>-</b>       | <b>546,333</b> | <b>1,067,685</b> |

### **Chicobi Property – Quebec, Canada**

The project is located 30 kilometers northeast of the town of Amos, Quebec (the “**Chicobi Project**”). The Chicobi Project covers 41,775 ha and over 45 kilometers of strike along the Chicobi Deformation Zone (“**CDZ**”), a major, yet under-explored structural break transecting the Abitibi greenstone belt of Ontario and Quebec. The CDZ is analogous to the other major breaks hosting world-class Au deposits of the Abitibi, such as the Cadillac-Larder Lake, Casa-Berardi, and Sunday Lake – Lower Detour deformation zones, and has the potential to host significant orogenic gold and VMS mineralization.

On April 12, 2017, the Company signed a farm-out agreement with NxGold (the “**Chicobi Optionee**”). Under the agreement, the Chicobi Optionee can earn up to a 100% interest in certain mineral rights comprising the property by making payments and exploration expenditures as follows:

- a) to acquire an undivided 80% interest, the Chicobi Optionee must:
  - i. pay to the Company, \$100,000 cash (received) upon signing the agreement;
  - ii. issue to the Company, 800,000 common shares in the capital of the Chicobi Optionee subject to a 12 month hold period commencing on the date of the agreement (received at a value of \$288,000); and
  - iii. on or before October 1, 2018, fund an aggregate of \$2 million in expenditures on the property.
- b) to acquire an additional undivided 20% Interest (for a total undivided interest of 100%), the Chicobi Optionee is required to fund an aggregate of an additional \$1 million in expenditures on the property on or before June 7, 2020.

During the year ended December 31, 2018, the Chicobi Optionee did not fund the required \$2 million in expenditures and, accordingly, terminated the agreement on May 19, 2018.

In February 2019, the Company entered into an earn in and joint venture exploration agreement with SMCL. Under the agreement, SMCL can earn up to a 70% interest in the Chicobi Property by making exploration expenditures as follows:

- a) to acquire an undivided 51% interest, SMCL must fund an aggregate of \$4.9 million in expenditures on the Chicobi Property on or before May 31, 2022. During such period, SMCL irrevocably commits to fund \$1.2 million of expenditures (funded).
- b) to acquire an additional undivided 19% interest (for a total undivided interest of 70%), SMCL must, within 90 days following the completion of acquiring 51% interest, notify the Company that they will fund an aggregate of an additional \$10 million in expenditures on the property within the three year time period.

If the participating interest in the joint venture property of any party is diluted to 10% or less whether by reason of failure to complete funding contribution requirements or default, the participating interest will be deemed to have been automatically converted to a 2% net smelter return royalty in favor of the other party in respect of minerals produced from the property. If the party whose participating interest is forfeited, they will be deemed to have abandoned the property and the full benefit, ownership and title of the property shall be deemed to have passed to the other party for the payment of good and valuable consideration.

In accordance with the agreement, the Company is the operator and is entitled to charge SMCL operator fees of 10% on costs incurred in account of exploration on the Chicobi property until SMCL acquires the first 51% interest in the property.

During the year ended December 31, 2019, SMCL funded \$1,693,554 in exploration expenditures of which \$1,494,975 was spent on exploration and evaluation assets. The excess funding received at December 31, 2019 of \$198,579 has been allocated to advances received.

### **Frotet Property – Quebec, Canada**

The property is located north of Chibougamau, Quebec and was acquired for nominal staking costs and a payment of \$6,000 to an arm's length vendor (the "**Frotet Project**"). The Frotet Project covers 37,840 ha of the Frotet-Evans Archean greenstone belt within the Opatika geological sub-province of Quebec. The property is adjacent to the past-producing Troilus Au-Cu mine and covers several major deformation zones associated with known orogenic gold prospects, as well as stratigraphy hosting VMS deposits elsewhere in the belt.

Scientific and technical disclosure for the Frotet Project is supported by the technical report with an effective date of September 30, 2020, entitled "NI 43-101 Technical Report for the Frotet Gold Project", prepared by GMY Consulting Inc.

On April 17, 2018, the Company entered in an earn in and joint venture exploration agreement with SMCL. Under the agreement, SMCL can earn up to an 80% interest in the Fortet Property by making exploration expenditures as follows:

- a) to acquire an undivided 65% interest, SMCL must fund an aggregate of \$4.3 million in expenditures on the Fortet Property on or before April 17, 2021. During such period, SMCL irrevocably commits to fund \$500,000 of expenditures (funded).
- b) to acquire an additional undivided 15% interest (for a total undivided interest of 80%), SMCL must, within 90 days following the completion of acquiring 65% interest, notify the Company that they will fund an aggregate of an additional \$4 million in expenditures on the property within the one year time period.

If the participating interest in the joint venture property of any party is diluted to 10% or less whether by reason of failure to complete funding contribution requirements or default, the participating interest will be deemed to have been automatically converted to a 2% net smelter return royalty in favor of the other party in respect of minerals produced from the property. If the party whose participating interest is forfeited, they will be deemed to have abandoned the property and the full benefit, ownership and title of the property shall be deemed to have passed to the other party for the payment of good and valuable consideration.

In accordance with the agreement, the Company is the operator and is entitled to charge SMCL operator fees of 10% on costs incurred in account of exploration on the Frotet Property until SMCL acquires the first 65% interest in the property.

During the year ended December 31, 2019, SMCL funded \$1,892,954 (2018 - \$615,000) in exploration expenditures of which \$1,642,006 (2018 – \$558,001) was spent on exploration and evaluation assets. The excess funding received at December 31, 2019 of \$307,947 (2018 – \$56,999) has been allocated to advances received.

### **James Bay Property – Quebec, Canada**

In 2017, the Company staked claims covering multiple project areas within the James Bay Region of Quebec. This project represents early stage exploration opportunities.

During the year ended December 31, 2019, the Company impaired the James Bay project by \$83,516 as management did not have further plans to explore the property, as such, it was written down to \$nil.

### **Lac Fagnant Property – Quebec, Canada**

On January 16, 2018, and subsequently amended in July 2018, the Company entered into an agreement with Harfang Exploration Inc. ("**Harfang**") and Urbangold Minerals Inc. ("**UrbanGold**") for exploration on certain mineral rights comprising certain mining claims on the property located in the Nunavik territory, east of Kuujuaupik on the east coast of Hudson Bay, Quebec.

Under the agreement, the participating interest is as follows: the Company – 40%, Harfang – 40%, and UrbanGold – 20%. Harfang is the operator, which can charge operator fees of 5% on costs incurred in account for exploration expenditures on the Lac Fagnant Property, as long as its participating interest is equal to or greater than the other participants' participating interest.



#### **Fox River Property, Quebec, Canada**

In 2019, the Company staked claims within the Fox River Region of Quebec. During the year ended December 31, 2019, the Company impaired the Fox River project by \$5,877 as management did not have further plans to explore the property, as such, it was written down to \$nil.

#### **Kukames Property, Quebec, Canada**

In 2019, the Company staked claims within the Kukames Region of Quebec. During the year ended December 31, 2019, the Company impaired the Kukames project by \$20,930 as management did not have further plans to explore the property, as such, it was written down to \$nil.

#### **Road King Property, Quebec, Canada**

In 2019, the Company staked claims within the Road King Region of Quebec. During the year ended December 31, 2019, the Company impaired the Road King project by \$18,204 as management did not have further plans to explore the property, as such, it was 1 written down to \$nil.

#### **Chebistuan Property, Quebec, Canada**

In 2019, the Company staked claims within the Treve Region of Quebec (the “**Chebistuan Property**”). The Chebistuan Project is located 30 km west of the town of Chibougamau, Quebec: the largest town in Nord-du-Quebec, which provides excellent infrastructure and an experienced local workforce for exploration and mining activities.

The Chebistuan Project is an ~120,000 Ha district scale exploration opportunity within the prolific, Abitibi Greenstone Belt. The Chebistuan Property is one of the largest contiguous land packages in the Abitibi (120,000 ha) that covers ~95 km of a series of crustal scale deformation zones and 140km of highly prospective sedimentary-volcanic rock contacts.

Subsequent to December 31, 2019,

- a) the Company acquired mineral claims for a total price of \$10,800 from three individuals; and
- b) the Company acquired mineral claims for a total price of \$20,000 from Vanstar Mining Resources Inc.

#### **Thibert Property, British Columbia, Canada**

In 2019, the Company staked claims within the Thibert Region of British Columbia.

Subsequent to December 31, 2019, the Company sold the mineral claims to Kingfisher in exchange the Company received:

- a) 1,000,000 shares of Kingfisher with at \$0.10 per share for a total value of \$100,000; and
- b) an additional shares with a value of \$100,000 upon the date of the first anniversary date Kingfisher commences trading on the TSX Venture exchange.

#### **Tanacross Property – Alaska, USA**

The project is located 80 kilometers northeast of Tok, Alaska and was acquired by staking and a payment of \$20,000 to an arm’s length vendor (the “**Tanacross Project**”). The Tanacross Project consists of 45,900 Ha of prospective ground in the Yukon-Tanana Terrane, which hosts the Casino porphyry Cu-Mo-Au deposit and the Coffee & Pogo orogenic Au deposits. The property covers exposures of porphyry style mineralization and has significant potential to host large porphyry systems and various other styles of mineralization.

Scientific and technical disclosure for the Tanacross Project is supported by the technical report with an effective date of August 22, 2020, entitled “NI 43-101 Technical Report for the Tanacross Project”, prepared by Cyrill N Orsich, BSc, PGeo.

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On August 1, 2018, the Company with its wholly owned subsidiaries, 1118892 and KUSA, signed a farm-out agreement with Freeport-McMoRan Mineral Properties Inc. (“**FMMP**”). Under the agreement FMMP can earn up to an 80% interest in the Tanacross Property by making payments and exploration expenditures as follows:

- a) to acquire an undivided 51% interest, FMMP must:
  - i. pay the Company US\$100,000 (paid (CAD\$128,631)) within 60 days of the agreement;
  - ii. pay the Company US\$50,000 (paid (CAD\$66,015)) and incur US\$500,000 (incurred) in exploration expenditures by September 30, 2019;
  - iii. pay the Company US\$50,000 and incur a further US\$1,000,000 (incurred) in exploration expenditures by September 30, 2020;
  - iv. pay the Company US\$50,000 and incur a further US\$3,500,000 in exploration expenditures by September 30, 2021.

Upon FMMP acquiring the 51% interest, a joint venture will be formed. FMMP may, in its sole discretion, accelerate the schedule for making the payment and incurring exploration expenditures.

- b) to acquire an additional undivided 29% interest (for a total undivided interest of 80%), FMMP must, within 60 days following the completion of acquiring the 51% interest, notify the Company that they will fund an aggregate of an additional \$40 million in expenditures on the property within a six year time period.

In accordance with the agreement, KUSA is the operator and is entitled to charge FMMP operator fees of 5% on exploration expenditure contracts that require payment over US\$500,000 and 10% on all other costs incurred in account for exploration expenditures on the Tanacross Property until FMMP acquires the first 51% interest in the property.

During the year ended December 31, 2019, FMMP funded \$5,842,914 (2018 - \$996,826) in exploration expenditures of which \$5,950,266 (2018 – \$807,985) was spent on exploration and evaluation assets. The excess funding received at December 31, 2019 of \$81,489 (2018 – \$188,841) has been allocated to advances received.

In June 2020, FMMP gave notice to the Company to terminate the farm-out agreement. Due to the advantage stage of the earn in, the Company and FMMP amended the farm-out agreement for FMMP to receive a 1% net smelter royalty in the property and in exchange the Company will receive a payment of US\$50,260 in November 2020.

#### **Healy Property – Alaska, USA**

On July 31, 2018, the Company’s then 100% owned subsidiary Northway, entered into an agreement (later amended in May 2019) with Newmont North America Exploration Limited (“**Newmont**”) to acquire, by way of contribution (the “**Contribution**”), up to 70% of the property located in Fairbanks Recording District, Alaska (the “**Healy Property**”).

Northway is entitled to acquire a 70% interest in the Healy Property upon incurring aggregate expenditures of US\$4,000,000 on the property during the phase 1 period of the Contribution.

The following is a summary of the Contribution requirements:

| <b>Period (“Phase 1 Period”)</b> | <b>Exploration Requirement<br/>US\$</b> | <b>Aggregate Exploration<br/>Requirement<br/>US\$</b> |
|----------------------------------|-----------------------------------------|-------------------------------------------------------|
| On or before November 30, 2018   | 140,000                                 | 140,000                                               |
| On or before December 31, 2020   | 360,000                                 | 500,000                                               |
| On or before December 31, 2021   | 1,500,000                               | 2,000,000                                             |
| On or before December 31, 2022   | 2,000,000                               | 4,000,000                                             |

Pursuant to the agreement, Northway is required to fund US\$140,000 by November 30, 2018 (funded) and US\$360,000 by December 31, 2020, totaling US\$500,000 (“**Mandatory Phase 1 Expenditures**”). Northway may terminate the Contribution at any time, in its discretion, subject to satisfying any accrued obligations or liabilities including Mandatory Phase 1 Expenditures, as required.

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Upon completing the Phase 1 requirement on the Healy Property, the value of Northway's initial contribution for the 70% interest shall be deemed to be US\$4,000,000 and the value of Newmont's initial contribution for the 30% interest shall be deemed to be US\$1,715,000. From and after the date on which Northway completes the Phase 1 requirement on the Healy Property, Northway and Newmont shall fund an adopted program on a pro-rata basis in accordance with their respective participating interests.

In March 2019, the Company no longer held a controlling interest in Northway; as such, the Healy Property was no longer consolidated into the accounts of the Company.

### **Selected Annual Information**

The following financial information is derived from the Company's annual audited financial statements for the years ended December 31, 2019 and 2018, has been prepared in accordance with IFRS and is presented in Canadian dollars, unless otherwise indicated:

|                                     | <b>2019</b> | <b>2018</b> | <b>2017<br/>(Unaudited)</b> |
|-------------------------------------|-------------|-------------|-----------------------------|
|                                     | <b>\$</b>   | <b>\$</b>   | <b>\$</b>                   |
| Total assets                        | 2,993,942   | 1,526,900   | 1,564,482                   |
| Total liabilities                   | 876,008     | 327,227     | 124,832                     |
| Working capital                     | 220,493     | 27,032      | 293,657                     |
| Exploration and evaluation assets   | 1,067,685   | 1,168,610   | 865,993                     |
| Revenue                             | 787,735     | 124,426     | -                           |
| General and administrative expenses | (819,617)   | (441,678)   | (282,833)                   |
| Other income (expenses)             | 376,371     | (159,587)   | 267,011                     |
| Net income (loss)                   | 344,489     | (476,839)   | (15,822)                    |
| Earnings (loss) per share (basic)   | 0.03        | (0.03)      | (0.00)                      |
| Earnings (loss) per share (diluted) | 0.03        | (0.03)      | (0.00)                      |

The Company's mineral projects are in the exploration stage and, to date, the Company only generated revenue as operator for the farm-out agreements on some of its mineral projects.

As at December 31, 2019, the Company has accumulated losses of \$175,976 (2018 - \$520,826) since inception. The Company has a net earnings per share (basic and diluted) for the year ended December 31, 2019 of \$0.03 (2018 – loss of \$0.03).

### **Operations**

As an exploration company, the Company only generated revenue from operator fees on some of these mineral projects and has, to date, incurred annual losses from operating and administrative expenses.

For the year ended December 31, 2019, the Company's revenue was increased by \$663,309 to \$787,735 (2018 - \$124,426) due to significant increase in exploration expenditures spend on its mineral projects that were farmed-out and the Company received operator fees based on the amount of exploration expenditures.

The Company's operating and administrative expenses for the year ended December 31, 2019 totalled \$819,617 (2018 - \$441,678), including share-based compensation incurred during the year, valued at \$133,591 (2018 - \$86,861) calculated using the Black Scholes option pricing model.

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The following table sets forth selected financial information regarding the Company's operating and administrative expenses for the years ended December 31, 2019 and 2018:

| <b>Expenses</b>              | <b>For the years ended December 31,</b> |             |
|------------------------------|-----------------------------------------|-------------|
|                              | <b>2019</b>                             | <b>2018</b> |
|                              | <b>\$</b>                               | <b>\$</b>   |
| Bank charges and interest    | 7,661                                   | 4,223       |
| Conference and marketing     | 8,256                                   | 7,159       |
| Consulting                   | 67,303                                  | 27,003      |
| Depreciation                 | 12,864                                  | 711         |
| Foreign exchange loss (gain) | 50,400                                  | (8,635)     |
| Geologists                   | 190,901                                 | 76,186      |
| Insurance                    | 17,452                                  | 9,938       |
| Interest on lease liability  | 2,233                                   | -           |
| Office expenses              | 32,385                                  | 25,835      |
| Professional fees            | 90,764                                  | 82,902      |
| Project generation           | 13,070                                  | 12,980      |
| Rent                         | 9,323                                   | 17,644      |
| Salaries and benefits        | 158,111                                 | 84,716      |
| Stock-based compensation     | 133,591                                 | 86,861      |
| Travel and related           | 25,303                                  | 14,155      |
|                              | 819,617                                 | 441,678     |

The table below details the changes in major expenditures for the year ended December 31, 2019 as compared to the corresponding year ended December 31, 2018:

| <b>Expenses</b>          | <b>Increase / Decrease<br/>in Expenses</b> | <b>Explanation for Change</b>                                                                                          |
|--------------------------|--------------------------------------------|------------------------------------------------------------------------------------------------------------------------|
| Consulting               | Increase of \$40,300                       | Increased due to the Company engaging additional consultants for financial, strategic and corporate advisory services. |
| Geologists               | Increase of \$114,715                      | Increased due to the Company engaging additional consultants for geologist services.                                   |
| Salaries and benefits    | Increase of \$73,395                       | Increased due to higher management compensation.                                                                       |
| Share-based compensation | Increase of \$46,730                       | Increased as new stock options granted and revaluation of stock options granted in prior years.                        |

The table below details the changes in major expenditures for the year ended December 31, 2018 as compared to the corresponding year ended December 31, 2017 (unaudited):

| <b>Expenses</b>          | <b>Increase / Decrease<br/>in Expenses</b> | <b>Explanation for Change</b>                                             |
|--------------------------|--------------------------------------------|---------------------------------------------------------------------------|
| Geologists               | Increase of \$76,186                       | Increased due to the Company engaging consultants for geologist services. |
| Share-based compensation | Increase of \$86,861                       | Increased as no stock options granted in the prior year.                  |

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**Liquidity and Capital Resources**

The Company's liquidity and capital resources are as follows:

|                                           | <b>December 31, 2019</b> | <b>December 31, 2018</b> |
|-------------------------------------------|--------------------------|--------------------------|
|                                           | \$                       | \$                       |
| Cash                                      | 659,469                  | 271,399                  |
| Receivables                               | 390,165                  | 71,456                   |
| Prepaid expenses                          | 17,380                   | 11,404                   |
| Total current assets                      | 1,067,014                | 354,259                  |
| Accounts payables and accrued liabilities | 215,542                  | 56,387                   |
| Advances received                         | 588,015                  | 245,840                  |
| Current portion of lease liability        | 19,127                   | -                        |
| Due to related party                      | -                        | 25,000                   |
| RSU liability                             | 23,837                   | -                        |
| Working capital                           | 220,493                  | 27,032                   |

During the year ended December 31, 2019, the Company closed a non-brokered private placement consisting of 1,070,000 common shares at a price of \$0.50 per share for gross proceeds of \$535,000. The Company had working capital of \$220,493 as at December 31, 2019 (2018 - \$27,032). Subsequent to December 31, 2019, the Company closed two non-brokered private placement financings totaling 2,039,000 common shares at a price of \$0.50 per share for gross proceeds of \$1,019,500.

As at December 31, 2019, the Company has accumulated net losses of \$175,976 since inception and has working capital of \$220,493. The Company's ability to continue as a going concern is dependent upon successful results from its exploration evaluation and development activities and its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations.

The Company will require additional financing for the upcoming fiscal year in order to maintain its operations and exploration activities. The Company's ability to arrange financing in the future will depend, in part, upon the prevailing capital market conditions as well as its business performance. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to it or at all. If the Company raises additional financing through the issuance of shares from its treasury, control of the Company may change and existing shareholders will suffer additional dilution. Management estimates its current working capital and subsequent financing will be sufficient to fund its current level of activities for the next twelve months.

**Risks and Uncertainties**

The business and operations of Kenorland are subject to numerous risks, many of which are beyond Kenorland's control. Kenorland considers the risks set out below to be some of the most significant to potential investors in the Company, but not all of the risks associated with an investment in securities of the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which Kenorland is currently unaware or which it considers to be material in relation to Kenorland's business actually occur, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of Kenorland's securities could decline and investors may lose all or part of their investment.

- (a) 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 has also disrupted the normal operations of many businesses, including the Company's. This outbreak could decrease spending, adversely affect and harm our business and results of operations. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

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**For the Year Ended December 31, 2019**

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- (b) Kenorland has limited financial resources and limited operating revenues. To earn and/or maintain its interest in its mineral properties, the Company has contractually agreed or is required to make certain payments and expenditures for and on such properties. Kenorland's ability to continue as a going concern is dependent upon, among other things, Kenorland establishing commercial quantities of mineral reserves on its properties and obtaining the necessary financing and permits to develop and profitably produce such minerals or, alternatively, disposing of its interests on a profitable basis, none of which is assured.
- (c) Kenorland has only generated losses to date and will require additional funds to further explore its properties. The only sources of funds for exploration programs, or if such exploration programs are successful for the development of economic ore bodies and commencement of commercial production thereon, presently available to Kenorland are the sale of equity capital or farming out its mineral properties to third party for further exploration or development. Kenorland's ability to arrange financing in the future will depend, in part, upon the prevailing capital market conditions as well as its business performance. There is no assurance such additional funding will be available to Kenorland when needed on commercially reasonable terms or at all. Additional equity financing may also result in substantial dilution thereby reducing the marketability of Kenorland's shares. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and the possible, partial or total loss of the Company's interest in its properties.
- (d) Mineral exploration is subject to a high degree of risk, which even a combination of experience, knowledge and careful evaluation may fail to overcome. These risks may be even greater in Kenorland's case given its formative stage of development and the fact that the Chicobi, Frotet, Lac Fagnant, Chebistuan, Thibert, and Tanacross Properties are still in their exploration stage. Furthermore, exploration activities are expensive and seldom result in the discovery of a commercially viable resource. There are no known resources or reserves on the Chicobi, Frotet, Lac Fagnant, Chebistuan, Thibert, or Tanacross Properties and the Company's proposed exploration programs are exploratory searches for commercial quantities of ore. There is no assurance that Kenorland's exploration will result in the discovery of an economically viable mineral deposit.
- (e) Kenorland activities are subject to the risks normally encountered in the mining exploration business. The economics of exploring, developing and operating resource properties are affected by many factors including the cost of exploration and development operations, variations of the grade of any ore mined and the rate of resource extraction and fluctuations in the price of resources produced, government regulations relating to royalties, taxes and environmental protection and title defects.
- (f) The Chicobi, Frotet, Lac Fagnant, Chebistuan, Thibert, or Tanacross Properties may be subject to prior unregistered agreements, interests or land claims and title may be affected by undetected defects. In addition, the Company's exploration activities will require certain licenses and permits from various governmental authorities. There is no assurance that Kenorland will be successful in obtaining the necessary licenses and permits on a timely basis or at all to undertake its exploration activities in the future or, if granted, that the licenses and permits will be on the basis applied or remain in force as granted.
- (g) The mining industry is capital intensive and subject to fluctuations in metal prices, market sentiment, foreign exchange and interest rates. It is also highly competitive in all its phases and Kenorland will be competing with other mining companies, many with greater financial, technical and human resources, in the search for, and the acquisition of, mineral resource properties and in the marketing of minerals.
- (h) Certain of Kenorland's directors and officers also serve as directors or officers of other public and private resource companies, and to the extent that such other companies may participate in ventures in which Kenorland may participate, such directors and officers of Kenorland may have a conflict of interest.
- (i) Kenorland has not declared or paid any dividends on its common shares and does not expect to do so in the foreseeable future. Future earnings, if any, will likely be retained to finance growth. Any return on investment in Kenorland's shares will come from the appreciation, if any, in the value thereof. The payment of any future dividends will depend upon the Company's earnings, if any, its then-existing financial requirements and other factors, and will be at the discretion of the Company's Board.

**KENORLAND MINERALS LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2019**

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- (j) Kenorland must comply with environmental laws and regulations governing air and water quality and land disturbance and provide for reclamation and closure costs in addition to securing the necessary permits to advance exploration activities at its mineral properties. Environmental legislation is evolving in a manner that 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. Compliance with environmental laws and regulations may require significant capital outlays on behalf of the Company and may cause material changes or delays in the Company's intended activities. Furthermore, environmental hazards may exist on the Company's properties that are unknown to the Company at the present and that have been caused by the Company or by previous owners or operators of the properties, or that may have occurred naturally. The Company may be liable for remediating such damages. Failure to comply with applicable environmental 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. Future production, if any, at the Company's properties will involve the use of hazardous materials. Should these materials leak or otherwise be discharged from their containment systems, the Company may become subject to liability. In addition, neighboring landowners and other third parties could file claims based on environmental statutes and common law for personal injury and property damage allegedly caused by permitting and/or exploration activities including the release of hazardous substances or other waste material into the environment on or around the Company's properties. There can be no assurance that the Company's defense of such claims will be successful and a successful claim against the Company could have a material adverse effect on its business prospects, financial condition and results of operations. In addition, Kenorland may become subject to liability for hazards against which it is not insured.

Readers are cautioned that the foregoing list of risks, uncertainties and other factors is not exhaustive.

#### **Related Party Transactions and Balances**

During the year ended December 31, 2019, the Company entered into the following transactions with related parties, not disclosed elsewhere in the Financial Statements:

- i. Paid wages to Zach Flood, President, CEO, and director of the Company, of \$84,286 (2018 - \$54,989) of which \$45,080 (2018 - \$19,046) was included in geologists expense, \$37,246 (2018 - \$21,129) was included in salaries and benefits and \$1,960 (2018 - \$14,814) was capitalized to exploration and evaluation assets.
- ii. Paid wages to Francis MacDonald, Executive VP of Exploration of the Company, and incurred consulting fees to a company controlled by Francis MacDonald of \$126,536 (2018 - \$67,989) of which \$45,080 (2018 - \$19,046) was included in geologists expense, \$37,246 (2018 - \$21,129) was included in salaries and benefits and \$44,210 (2018 - \$27,814) was capitalized to exploration and evaluation assets. As at December 31, 2019, \$88 (2018 - \$Nil) was included in accounts payable and accrued liabilities owing to Francis MacDonald.
- iii. Paid wages to Scott Smits, Chief Geologist of the Company, of \$84,286 (2018 - \$54,989) of which \$45,080 (2018 - \$19,046) was included in geologists expense, \$37,246 (2018 - \$21,129) was included in salaries and benefits and \$1,960 (2018 - \$14,814) was capitalized to exploration and evaluation assets.
- iv. Paid wages to Dave Stevenson, Chief Geophysicist of the Company, of \$84,286 (2018 - \$54,989) of which \$45,080 (2018 - \$19,046) was included in geologists expense, \$37,246 (2018 - \$21,129) was included in salaries and benefits and \$1,960 (2018 - \$14,814) was capitalized to exploration and evaluation assets.
- v. As at December 31, 2019, \$Nil (2018 - \$25,000) was included in due to related party owing to David Schmidt, a former director of Northway.
- vi. Received rent recoveries of \$4,000 (2018 - \$Nil) from Northway, a company related by way of common directors and officers.

Key management personnel are the persons responsible for the planning, directing, and controlling of the activities of the Company and include both executives and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.



**KENORLAND MINERALS LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2019**

Summary of key management personnel compensation (includes officers and directors of the Company):

|                                   | <b>For the years ended December 31,</b> |                |
|-----------------------------------|-----------------------------------------|----------------|
|                                   | <b>2019</b>                             | <b>2018</b>    |
|                                   | <b>\$</b>                               | <b>\$</b>      |
| Exploration and evaluation assets | 50,090                                  | 72,256         |
| Geologists                        | 180,320                                 | 76,184         |
| Salaries and benefits             | 148,984                                 | 84,517         |
| Stock-based compensation          | 101,379                                 | 70,224         |
|                                   | <b>480,773</b>                          | <b>303,181</b> |

**Off- Balance Sheet Arrangements**

The Company has not entered into any off-balance sheet arrangements.

**Changes in Accounting Policies**

Leases

On January 1, 2019, the Company adopted IFRS 16 – Leases (“**IFRS 16**”) which replaced IAS 17 – Leases and IFRIC 4 – Determining Whether an Arrangement Contains a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard is effective for annual periods beginning on or after January 1, 2019. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to finance leases applied in IAS 17. IFRS 16 does not require a lessee to recognize assets and liabilities for short-term leases (i.e. leases of 12 months or less) and leases of low-value assets.

The Company analyzed its contracts to identify whether any contain a lease agreements relevant for the application of IFRS 16. No such contracts were identified, and as a result, the adoption of IFRS 16 resulted in no impact to opening retained earnings on January 1, 2019.

The following is the accounting policy for leases as of January 1, 2019 upon adoption of IFRS 16:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assesses whether the contract involves the use of an identified asset, whether the right to obtain substantially all of the economic benefits from use of the asset during the term of the arrangement exists, and if the Company has the right to direct the use of the asset. At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

As a lessee, the Company recognizes a right-of-use asset and a lease liability at the commencement date of a lease. The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- exercise prices of purchase options if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the estimate or assessment of the expected amount payable under a residual value guarantee, purchase, extension, or termination option. Variable lease payments not included in the initial measurement of the lease liability are charged directly to profit or loss.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to profit or loss on a straight-line basis over the lease term.

### **Critical Accounting Estimates**

The preparation of the Financial Statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the Financial Statements, and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from management's best estimates as additional information becomes available.

### **Financial Instruments and Other Instruments**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Unobservable inputs that are supported by little or no market activity, therefore requiring an entity to develop its own assumptions about the assumption that market participants would use in pricing.

The fair value of the Company's receivables, accounts payable and accrued liabilities, advances received, and due to related party approximates their carrying values. The Company's cash and investments in common shares are measured at fair value using Level 1 inputs. The Company's investments in warrants are measured at fair value using Level 3 inputs. The carrying value of the Company's lease liability is measured at the present value of the discounted future cash flows.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

#### **a) *Currency risk***

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company's operations are carried out in Canada and the United States. As at December 31, 2019, the Company had current assets totaling US\$40,892 and current liabilities totalling US\$Nil. These factors expose the Company to foreign currency exchange rate risk, which could have an adverse effect on the profitability of the Company. A 1% change in the exchange rate would change other comprehensive income/loss by approximately \$530. At this time, the Company currently does not have plans to enter into foreign currency future contracts to mitigate this risk, however it may do so in the future.

**KENORLAND MINERALS LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2019**

*b) Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company's cash is held in a large Canadian financial institution. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk. The Company's sales tax receivable is due from the Government of Canada and Revenu Quebec therefore, the credit risk exposure is low.

The maximum exposure to credit risk as at December 31, 2019 and 2018 is the carrying value of the trade accounts receivable. The Company has not provided for an expected credit loss as management believes the funds are fully collectible.

*c) Interest rate risk*

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks or credit unions.

*d) Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet liabilities when they become due. As at December 31, 2019, the Company had a cash balance of \$659,469 to settle current liabilities of \$846,521. Subsequent to December 31, 2019, the Company closed two non-brokered private placement financings totaling 2,039,000 common shares at a price of \$0.50 per share for gross proceeds of \$1,019,500.

*e) Commodity price risk*

The ability of the Company to explore and develop its exploration and evaluation assets and the future profitability of the Company are directly related to the price of gold. The Company monitors metals prices to determine the appropriate course of action to be taken.

*f) Market price risk*

Market price risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its holdings of financial instruments.

**Disclosure of Data for Outstanding Common Shares, Stock Options, and Restricted Share Units**

The following table summarizes the outstanding common shares, stock options, and restricted share units of the Company:

|                        | <b>As at December 31, 2019</b> | <b>Date of this MD&amp;A</b> |
|------------------------|--------------------------------|------------------------------|
| Common shares          | 13,070,001                     | 15,209,001                   |
| Stock options          | 1,850,000                      | 3,400,000                    |
| Restricted share units | 550,000                        | 550,000                      |

Details of the outstanding stock options as at the date of this MD&A:

| <b>Number of options<br/>outstanding</b> | <b>Number of options<br/>exercisable</b> | <b>Exercise price<br/>\$</b> | <b>Expiry date</b> |
|------------------------------------------|------------------------------------------|------------------------------|--------------------|
| 600,000                                  | 600,000                                  | 0.15                         | October 19, 2023   |
| 100,000                                  | 100,000                                  | 0.15                         | October 2, 2024    |
| 400,000                                  | 266,665                                  | 0.30                         | December 1, 2024   |
| 400,000                                  | 266,665                                  | 0.30                         | July 1, 2025       |
| 100,000                                  | 33,333                                   | 0.50                         | September 15, 2024 |
| 150,000                                  | 50,000                                   | 0.50                         | September 27, 2024 |
| 1,650,000                                | -                                        | 0.50                         | March 2, 2025      |
| <b>3,400,000</b>                         | <b>1,316,663</b>                         |                              |                    |

**KENORLAND MINERALS LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2019**

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The Company adopted a Restricted Share Unit (“RSU”) plan in August 2019 for its directors, officers, employees, and consultants, under which it is authorized to grant:

- If a public company, the maximum number of common shares reserved for issuance under the plan, together with any other share compensation arrangements, shall not exceed 10% of the Company’s issued and outstanding common shares; and
- If a private company, no maximum.

Upon vesting, the holder of an RSU award can elect to receive one common share or the equivalent cash payment based on the market price of the common share on settlement.

In September 2019, the Company issued 550,000 RSUs to various employees and directors of the Company all which vest on September 27, 2022. The RSUs were accounted for as cash-settled awards.

Details of the outstanding RSUs as at the date of this MD&A:

| Number of RSUs | Weighted average fair value at time of grant |
|----------------|----------------------------------------------|
|                | \$                                           |
| 550,000        | 0.50                                         |

### **Forward Looking Statements**

Certain sections of this MD&A contain forward-looking statements and forward looking information.

All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements or forward-looking information, including, but not limited to, statements preceded by, followed by or that include words such as “may”, “will”, “would”, “could”, “should”, “believes”, “estimates”, “projects”, “potential”, “expects”, “plans”, “intends”, “anticipates”, “targeted”, “continues”, “forecasts”, “designed”, “goal”, or the negative of those words or other similar or comparable words.

Forward-looking statements and forward-looking information contained or incorporated by reference in this MD&A may relate to the Company’s future financial condition, results of operations, plans, objectives, performance or business developments including, among other things, potential property acquisitions, exploration and work programs, drilling plans and timing of drilling, the performance characteristics of the Company’s exploration and evaluation assets, exploration results of various projects of the Company, projections of market prices and costs, supply and demand for gold, copper and other base metals, expectations regarding the ability to raise capital and to acquire resources and/or reserves through acquisitions and/or development, treatment under governmental regulatory regimes and tax laws, and capital expenditure programs and the timing and method of financing thereof. Forward-looking statements and forward looking-information are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company as of the date of such statements and information, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The estimates and assumptions of the Company contained or incorporated by reference in this MD&A, which may prove to be incorrect, include, but are not limited to: (1) there being no significant disruptions affecting operations, whether due to labour disruptions, supply disruptions, power disruptions, damage to equipment, adverse weather conditions or otherwise; (2) permitting, access, exploration, expansion and acquisitions at our projects (including, without limitation, land acquisitions for and permitting of exploration plans) being consistent with the Company’s current expectations; (3) the viability, permitting, access, exploration and, if warranted, development of the Chicobi, Frotet, Lac Fagnant, Chebistuan, Thibert, and Tanacross Properties being consistent with the Company’s current expectations; (4) political developments in the United States and the State of Arizona including, without limitation, the implementation of new mining laws and related regulations being consistent with the Company’s current expectations; (5) the exchange rate between the Canadian dollar and the U.S. dollar being approximately consistent with current levels; (6) certain price assumptions for gold, copper and other base metals; (7) prices for and availability of equipment, labor, natural gas, fuel oil, electricity, water and other key supplies remaining consistent with current levels; (8) the results of the Company’s exploration programs on the Chicobi, Frotet, Lac Fagnant, Chebistuan, Thibert, and Tanacross Properties being consistent with the Company’s expectations; (9) labour and materials costs increasing on a basis consistent with the Company’s current expectations; and (10) the availability and timing of additional financing being consistent with the Company’s current expectations. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements and forward-looking information. Such factors include, but are not

**KENORLAND MINERALS LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**For the Year Ended December 31, 2019**

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limited to: the timing and availability of additional capital, fluctuations in the currency markets; fluctuations in the spot and forward price of gold, copper, or other commodities (such as diesel fuel and electricity); changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Canada, the United States, or other countries in which the Company may carry on business in the future; business opportunities that may be presented to, or pursued by, us; our ability to successfully integrate acquisitions; operating or technical difficulties in connection with exploration activities; employee relations; the speculative nature of gold and copper exploration and development, including the risks of obtaining necessary licenses and permits; competition for, among other things, capital, acquisitions of resources and/or reserves, undeveloped lands and skilled personnel, incorrect assessments of the value of acquisitions, geological, technical, drilling and processing problems, fluctuations in foreign exchange or interest rates and stock market volatility, changes in income tax laws or changes in tax laws and incentive programs relating to the mineral resource industry; and contests over title to properties, particularly title to undeveloped properties. In addition, there are risks and hazards associated with the business of mineral exploration, development and mining, including environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins, flooding and gold and/or copper bullion losses (and the risk of inadequate insurance, or the inability to obtain insurance, to cover these risks). Many of these uncertainties and contingencies can affect the Company's actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements or forward-looking information made by, or on behalf of, the Company. There can be no assurance that forward-looking statements and forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements and information. Forward-looking statements and forward-looking information are provided for the purpose of providing information about management's expectations and plans relating to the future. All of the forward-looking statements and forward-looking information made in this MD&A are qualified by these cautionary statements and those made in our other filings with applicable securities regulators in Canada including, but not limited to, the Financial Statements. These factors are not intended to represent a complete list of the factors that could affect the Company and readers should not place undue reliance on forward-looking statements or forward-looking information in this MD&A. The Company disclaims any intention or obligation to update or revise any forward-looking statements and forward-looking information, whether as a result of new information, future events or otherwise, or to explain any material difference between subsequent actual events and such forward-looking statements and forward-looking information, except to the extent required by applicable law.

The forward looking statements and forward-looking information contained herein are based on information available as of October 29, 2020.

This MD&A has been approved by the Board on October 29, 2020.

**SCHEDULE “I”**

**INTERIM FINANCIAL STATEMENTS OF KENORLAND FOR THE THREE AND SIX MONTHS  
ENDED JUNE 30, 2020**

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**KENORLAND MINERALS LTD.**  
**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND 2019**  
**(EXPRESSED IN CANADIAN DOLLARS – UNAUDITED)**



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### Financial Statements

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**KENORLAND MINERALS LTD.**

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars - Unaudited)

|                                                         | June 30,<br>2020 | December 31,<br>2019 |
|---------------------------------------------------------|------------------|----------------------|
|                                                         | \$               | \$                   |
| <b>ASSETS</b>                                           |                  |                      |
| <b>Current assets</b>                                   |                  |                      |
| Cash                                                    | 1,478,039        | 659,469              |
| Receivables (Note 3)                                    | 637,184          | 390,165              |
| Prepaid expenses (Note 4)                               | 30,830           | 17,380               |
|                                                         | 2,146,053        | 1,067,014            |
| <b>Exploration advances</b>                             | -                | 221,822              |
| <b>Investment in equity instruments</b> (Note 5)        | 1,050,538        | 585,961              |
| <b>Exploration and evaluation assets</b> (Notes 6 & 12) | 1,116,936        | 1,067,685            |
| <b>Equipment</b> (Note 7)                               | 15,272           | 3,795                |
| <b>Right-of-use asset</b> (Note 8)                      | 52,822           | 47,665               |
|                                                         | <b>4,381,621</b> | <b>2,993,942</b>     |
| <b>LIABILITIES</b>                                      |                  |                      |
| <b>Current liabilities</b>                              |                  |                      |
| Accounts payable and accrued liabilities (Note 9)       | 482,438          | 215,542              |
| Advances received (Note 6)                              | 513,052          | 588,015              |
| Current portion of lease liability (Note 8)             | 13,521           | 19,127               |
| RSU liability (Note 10)                                 | 69,503           | 23,837               |
|                                                         | 1,078,514        | 846,521              |
| <b>Lease liability</b> (Note 8)                         | 40,973           | 29,487               |
|                                                         | 1,119,487        | 876,008              |
| <b>SHAREHOLDERS' EQUITY</b>                             |                  |                      |
| Share capital (Note 10)                                 | 3,089,770        | 2,058,329            |
| Reserves (Note 10)                                      | 398,511          | 235,275              |
| Accumulated other comprehensive income (loss)           | (678)            | 306                  |
| Deficit                                                 | (225,469)        | (175,976)            |
| Equity attributable to shareholders of the Company      | 3,262,134        | 2,117,934            |
|                                                         | <b>4,381,621</b> | <b>2,993,942</b>     |

**Nature and continuance of operations (Note 1)****Subsequent events (Note 18)**

Approved and authorized on behalf of the Board:

\_\_\_\_\_  
 "Zachary Flood"  
 Director

\_\_\_\_\_  
 "Alexander Ruggieri"  
 Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

**KENORLAND MINERALS LTD.**

Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

(Expressed in Canadian Dollars - Unaudited)

|                                                                         | For the three months<br>ended June 30, |           | For the six months ended<br>June 30, |           |
|-------------------------------------------------------------------------|----------------------------------------|-----------|--------------------------------------|-----------|
|                                                                         | 2020                                   | 2019      | 2020                                 | 2019      |
|                                                                         | \$                                     | \$        | \$                                   | \$        |
| <b>Revenue</b>                                                          | 109,640                                | 243,411   | 345,437                              | 340,597   |
| <b>Operating expenses</b>                                               |                                        |           |                                      |           |
| Bank charges and interest                                               | 2,040                                  | 2,862     | 3,455                                | 4,522     |
| Conference and marketing                                                | -                                      | 1,932     | 990                                  | 2,589     |
| Consulting                                                              | 14,788                                 | 3,546     | 25,814                               | 8,819     |
| Depreciation (Notes 7 & 8)                                              | 7,899                                  | 2,010     | 15,200                               | 2,268     |
| Foreign exchange loss (gain)                                            | (83)                                   | 30,203    | (251)                                | 33,728    |
| Geologists (Note 12)                                                    | 66,823                                 | 42,863    | 137,352                              | 73,334    |
| Insurance                                                               | 3,591                                  | 4,363     | 8,850                                | 6,933     |
| Interest on lease liability (Note 8)                                    | 1,030                                  | 345       | 2,175                                | 345       |
| Office expenses                                                         | 9,894                                  | 11,938    | 22,815                               | 17,760    |
| Professional fees                                                       | 50,097                                 | 9,499     | 110,123                              | 32,576    |
| Project generation                                                      | 3,907                                  | 23,467    | 17,344                               | 38,065    |
| Rent                                                                    | 455                                    | 3,940     | 735                                  | 7,872     |
| Salaries and benefits (Note 12)                                         | 25,576                                 | 34,387    | 58,800                               | 65,507    |
| Share-based compensation (Notes 10 & 12)                                | 140,225                                | 31,694    | 218,306                              | 56,832    |
| Travel and related                                                      | 911                                    | 4,521     | 15,515                               | 8,954     |
|                                                                         | (327,153)                              | (207,570) | (637,223)                            | (360,104) |
| <b>Income (loss) from operations</b>                                    | (217,513)                              | 35,841    | (291,786)                            | (19,507)  |
| <b>Other income (expenses)</b>                                          |                                        |           |                                      |           |
| Gain on sales of mineral claims (Note 5)                                | 77,716                                 | -         | 77,716                               | -         |
| Gain on deconsolidation (Note 5)                                        | -                                      | -         | -                                    | 282,944   |
| Net change in fair value of investments (Note 5)                        | 282,336                                | -         | 164,577                              | -         |
| Loss on equity investment (Note 5)                                      | -                                      | (15,028)  | -                                    | (24,638)  |
| <b>Income (loss) and comprehensive income<br/>(loss) for the period</b> | 142,539                                | 20,813    | (49,493)                             | 238,799   |
| <b>Income (loss) attributable to:</b>                                   |                                        |           |                                      |           |
| Shareholders of the Company                                             | 142,539                                | 20,813    | (49,493)                             | 239,160   |
| Non-controlling interest (Note 13)                                      | -                                      | -         | -                                    | (361)     |
| <b>Income (loss) for the period</b>                                     | 142,539                                | 20,813    | (49,493)                             | 238,799   |

**Earnings (loss) per share (Note 11)**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

**KENORLAND MINERALS LTD.**

Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

(Expressed in Canadian Dollars - Unaudited)

|                                                                     | Three months ended<br>June 30, |               | Six months ended<br>June 30, |                |
|---------------------------------------------------------------------|--------------------------------|---------------|------------------------------|----------------|
|                                                                     | 2020                           | 2019          | 2020                         | 2019           |
|                                                                     | \$                             | \$            | \$                           | \$             |
| <b>Income (loss) and comprehensive income (loss) for the period</b> | 142,539                        | 20,813        | (49,493)                     | 238,799        |
| <b>Other comprehensive income</b>                                   |                                |               |                              |                |
| Foreign currency translation adjustment                             | (984)                          | 340           | (984)                        | 340            |
| <b>Comprehensive income (loss) for the period</b>                   | <b>141,555</b>                 | <b>21,153</b> | <b>(50,477)</b>              | <b>239,139</b> |
| <b>Comprehensive income (loss) attributable to:</b>                 |                                |               |                              |                |
| Shareholders of the company                                         | 141,555                        | 21,153        | (50,477)                     | 239,500        |
| Non-controlling interest                                            | -                              | -             | -                            | (361)          |
| <b>Comprehensive income (loss) for the period</b>                   | <b>141,555</b>                 | <b>21,153</b> | <b>(50,477)</b>              | <b>239,139</b> |

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

**KENORLAND MINERALS LTD.**

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity  
(Expressed in Canadian Dollars - Unaudited)

|                                   | Number of<br>Shares<br>Issued | Share Capital    | Reserves -<br>Share Options | Accumulated<br>Other<br>Comprehensive<br>Income (Loss) | Deficit          | Non-<br>controlling<br>interest | Total<br>Shareholders'<br>Equity |
|-----------------------------------|-------------------------------|------------------|-----------------------------|--------------------------------------------------------|------------------|---------------------------------|----------------------------------|
|                                   |                               | \$               | \$                          | \$                                                     | \$               | \$                              | \$                               |
| <b>Balance, December 31, 2018</b> | <b>12,000,001</b>             | <b>1,530,000</b> | <b>125,521</b>              | <b>-</b>                                               | <b>(520,826)</b> | <b>64,978</b>                   | <b>1,199,673</b>                 |
| Shares issued for cash            | 1,070,000                     | 535,000          | -                           | -                                                      | -                | -                               | 535,000                          |
| Share issuance costs              | -                             | (4,828)          | -                           | -                                                      | -                | -                               | (4,828)                          |
| Share-based compensation          | -                             | -                | 56,832                      | -                                                      | -                | -                               | 56,832                           |
| Foreign exchange on translation   | -                             | -                | -                           | 340                                                    | -                | -                               | 340                              |
| Non-controlling interest          | -                             | -                | -                           | -                                                      | -                | (64,617)                        | (64,617)                         |
| Net loss for the period           | -                             | -                | -                           | -                                                      | 239,160          | (361)                           | 238,799                          |
| <b>Balance, June 30, 2019</b>     | <b>13,070,001</b>             | <b>2,060,172</b> | <b>182,353</b>              | <b>340</b>                                             | <b>(281,666)</b> | <b>-</b>                        | <b>1,961,199</b>                 |
| Share issuance costs              | -                             | (1,843)          | -                           | -                                                      | -                | -                               | (1,843)                          |
| Share-based compensation          | -                             | -                | 52,922                      | -                                                      | -                | -                               | 52,922                           |
| Foreign exchange on translation   | -                             | -                | -                           | (34)                                                   | -                | -                               | (34)                             |
| Net income for the period         | -                             | -                | -                           | -                                                      | 105,690          | -                               | 105,690                          |
| <b>Balance, December 31, 2019</b> | <b>13,070,001</b>             | <b>2,058,329</b> | <b>235,275</b>              | <b>306</b>                                             | <b>(175,759)</b> | <b>-</b>                        | <b>2,117,934</b>                 |
| Shares issued for cash            | 2,039,000                     | 1,019,500        | -                           | -                                                      | -                | -                               | 1,019,500                        |
| Share issuance costs              | -                             | (12,463)         | -                           | -                                                      | -                | -                               | (12,463)                         |
| Options exercised                 | 100,000                       | 24,404           | (9,404)                     | -                                                      | -                | -                               | 15,000                           |
| Share-based compensation          | -                             | -                | 172,640                     | -                                                      | -                | -                               | 172,640                          |
| Foreign exchange on translation   | -                             | -                | -                           | (984)                                                  | -                | -                               | (984)                            |
| Net loss for the period           | -                             | -                | -                           | -                                                      | (49,493)         | -                               | (49,493)                         |
| <b>Balance, June 30, 2020</b>     | <b>15,209,001</b>             | <b>3,089,770</b> | <b>398,511</b>              | <b>(678)</b>                                           | <b>(225,469)</b> | <b>-</b>                        | <b>3,262,134</b>                 |

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

**KENORLAND MINERALS LTD.**

## Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars - Unaudited)

|                                                                      | For the six months ended<br>June 30, |                  |
|----------------------------------------------------------------------|--------------------------------------|------------------|
|                                                                      | 2020                                 | 2019             |
|                                                                      | \$                                   | \$               |
| <b>Cash flows used in operating activities</b>                       |                                      |                  |
| Net loss for the period                                              | (49,493)                             | 238,799          |
| Adjustments for items not affecting cash:                            |                                      |                  |
| Depreciation                                                         | 15,199                               | 2,268            |
| Gain on deconsolidation                                              | -                                    | (282,944)        |
| Net change in fair value of investments                              | (164,577)                            | -                |
| Gain on sale of mineral properties                                   | (77,716)                             | -                |
| Loss from investment in associate                                    | -                                    | 24,638           |
| Stock based-compensation                                             | 218,306                              | 56,831           |
| Change in non-cash working capital items                             |                                      |                  |
| Accounts receivable                                                  | (258,840)                            | (109,564)        |
| Prepaid expenses                                                     | (13,934)                             | (7,770)          |
| Accounts payable and accrued liabilities                             | 24,809                               | 193,027          |
|                                                                      | (306,246)                            | 115,285          |
| <b>Cash flows used in investing activities</b>                       |                                      |                  |
| Exploration advances                                                 | 221,822                              | (587,845)        |
| Exploration and evaluation assets expenditures                       | 195,500                              | 1,456,652        |
| Advances received for exploration and evaluation assets expenditures | (130,570)                            | 1,334,787        |
| Purchase of equipment                                                | (12,896)                             | (3,279)          |
| Cash eliminated on deconsolidation of investment                     | -                                    | (33,496)         |
| Acquisition of investments in equity instruments                     | (150,000)                            | -                |
|                                                                      | 123,856                              | 2,166,819        |
| <b>Cash flows provided by financing activities</b>                   |                                      |                  |
| Shares issued for cash                                               | 1,019,500                            | 535,000          |
| Share issuance costs                                                 | (12,463)                             | (4,828)          |
| Stock options exercised                                              | 15,000                               | -                |
| Advances to related parties                                          | -                                    | 60,123           |
| Repayment of lease liability                                         | (13,057)                             | (1,482)          |
|                                                                      | 1,008,980                            | 588,813          |
| <b>Effect of foreign exchange on cash</b>                            | (8,020)                              | (264,620)        |
| <b>Change in cash</b>                                                | 826,590                              | 2,870,917        |
| <b>Cash, beginning of the period</b>                                 | 659,469                              | 271,399          |
| <b>Cash, end of the period</b>                                       | <b>1,478,039</b>                     | <b>2,877,696</b> |

Supplemental disclosure with respect to cash flows (Note 16)

The accompanying notes are an integral part of condensed interim consolidated financial statements.

# **KENORLAND MINERALS LTD.**

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months period June 30, 2020

(Expressed in Canadian Dollars - Unaudited)

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## **1. NATURE AND CONTINUANCE OF OPERATIONS**

Kenorland Minerals Ltd. (the "Company") was incorporated on July 13, 2016 under the Business Corporations Act of British Columbia. Its principal business activity is the exploration and evaluation of mineral properties.

The Company's registered and records office is located at Suite 1700, 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 2E9.

The Company's exploration and evaluation assets are at the exploration stage and are without a known body of commercial ore. The business of exploring for minerals involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Major expenditures may be required to establish ore reserves, to develop metallurgical processes, to acquire construction and operating permits and to construct mining and processing facilities. The amounts shown as exploration and evaluation assets costs represent acquisition, holding and deferred exploration costs and do not necessarily represent present or future recoverable values. The recoverability of the amounts shown for exploration and evaluation assets costs is dependent upon the Company obtaining the necessary financing to complete the exploration and development of the properties, the discovery of economically recoverable reserves and future profitable operations.

These condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at June 30, 2020, the Company had not advanced its properties to commercial production and is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon the successful results from its exploration activities and raise equity capital or borrowings sufficient to meet current and future obligations. These condensed interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. Management estimates its current working capital will be sufficient to fund its current level of activities for the next twelve months.

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 has also disrupted the normal operations of many businesses, including ours. This outbreak could decrease spending, adversely affect demand for our product and harm our business and results of operations. It is not possible for us to predict the duration or magnitude of the adverse results of the outbreak and its effects on our business or results of operations at this time.

These condensed interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

## **2. SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of significant accounting policies used in the preparation of these condensed interim consolidated financial statements.

### **Statement of compliance**

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS") 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB").

## KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months period June 30, 2020

(Expressed in Canadian Dollars - Unaudited)

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### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Statement of compliance (continued)

This condensed interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual audited financial statements of the Company for the year ended December 31, 2019.

The accounting policies applied in preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's condensed interim consolidated financial statements for the year ended December 31, 2019 except for the following:

#### Government Assistance

The Company received certain government assistance in the form of forgivable loans from the Canadian government in connection with the COVID-19 pandemic. When there is reasonable assurance that the amounts will be forgiven, the Company reduces the loan and credits the forgiven amounts to the related expenses. The Company includes government assistance that has not been forgiven or is repayable in accounts payable and accrued liabilities.

#### Basis of presentation

These condensed interim consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The condensed interim consolidated financial statements are presented in Canadian dollars unless otherwise noted.

#### Basis of consolidation

The consolidated financial statements include the financial statements of the Company and the following subsidiaries:

| Name                                 | Jurisdiction | Parent Company          | Percentage owned |                 |
|--------------------------------------|--------------|-------------------------|------------------|-----------------|
|                                      |              |                         | Jun 30,<br>2020  | Dec 31,<br>2019 |
| 1118892 B.C. Ltd. ("1118892")        | Canada       | Kenorland Minerals Ltd. | 100%             | 100%            |
| Kenorland Minerals USA Inc. ("KUSA") | USA          | 1118892 B.C. Ltd.       | 100%             | 100%            |
| Kenorland Minerals Africa Ltd.       | Canada       | Kenorland Minerals Ltd. | 50%              | -               |

These condensed interim consolidated financial statements of the Company were approved and authorized for issue by the Board of Directors on October 30, 2020.



## **KENORLAND MINERALS LTD.**

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months period June 30, 2020

(Expressed in Canadian Dollars - Unaudited)

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### **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **Basis of consolidation (continued)**

During the year ended December 31, 2019, the changes in the Company's ownership of Northway Resources Corp. ("Northway") were as follows:

- On January 25, 2019, the ownership increased from 57% to 67% as a result of shares received from Northway for a settlement of receivables;
- On March 19, 2019, the ownership decreased from 67% to 38% as a result of Northway closing a non-brokered private placement for financing at which time the Company no longer controlled Northway and ceased to consolidate; and
- On August 22, 2019 the ownership decreased from 38% to 17% as a result of Northway completing an initial public offering.

All intercompany accounts and transactions between the Company and its subsidiaries have been eliminated upon consolidation.

#### **Use of estimates**

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates and judgements as the basis for determining the stated amounts include the recoverability of exploration and evaluation assets, determination of functional currency, valuation of share-based compensation and recognition of deferred tax amounts.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the interim consolidated financial statements are as follows:

#### Economic recoverability and probability of future economic benefits of exploration and evaluation assets

Management has determined that exploration, evaluation, and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

#### Determination of functional currency

The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions within the reporting entity.

## **KENORLAND MINERALS LTD.**

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months period June 30, 2020

(Expressed in Canadian Dollars - Unaudited)

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### **2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **Use of estimates (continued)**

##### Level of control or influence over companies

The accounting for investments in other companies can vary depending on the degree of control and influence over those other companies. Management is required to assess at each reporting date the Company's control and influence over these other companies. Management has used its judgment to determine which companies are controlled and require consolidation and those which are significantly influenced and require equity accounting.

Until March 19, 2019, the Company consolidated its investment in Northway as the Company had control over the key operating activities of Northway. Effective March 19, 2019, the Company accounted for its investment in Northway as an equity investment as it retained significant influence over the operations of Northway. On August 22, 2019, the Company no longer had the ability to influence the key operating activities of the entity; as such, the Company accounted for its investment under fair value through profit or loss (Note 5).

##### Going concern of operations

The financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The assessment of the Company's ability to source future operations and continue as a going concern involves judgement. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. If the going concern assumption is not appropriate for the financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenue and expenses and the statement of financial position classifications used (Note 1).

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

##### Valuation of share-based compensation

The Company uses the Black-Scholes option pricing model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, risk-free interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

##### Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

## KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months period June 30, 2020

(Expressed in Canadian Dollars - Unaudited)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Foreign currency translation

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiaries is the Canadian dollar ("CAD"), with the exception of KUSA, which has a functional currency of the United States dollar ("USD"). The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than Canadian dollars are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Company's USD operations are translated into CAD at the exchange rate at the reporting date. The income and expenses are translated using the average rate for the period. Foreign currency differences that arise on translation for consolidation purposes are recognized in other comprehensive income (loss).

### 3. RECEIVABLES

|                      | June 30,<br>2020 | December 31,<br>2019 |
|----------------------|------------------|----------------------|
|                      | \$               | \$                   |
| Accounts receivable  | 4,691            | 9,197                |
| Sales tax receivable | 632,493          | 380,968              |
|                      | <b>637,184</b>   | <b>390,165</b>       |

### 4. PREPAID EXPENSES

|               | June 30,<br>2020 | December 31,<br>2019 |
|---------------|------------------|----------------------|
|               | \$               | \$                   |
| Prepayments   | 26,880           | 14,508               |
| Rent deposits | 3,950            | 2,872                |
|               | <b>30,830</b>    | <b>17,380</b>        |

## KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months period June 30, 2020

(Expressed in Canadian Dollars - Unaudited)

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### 5. INVESTMENTS

#### Northway Resources Corp. ("Northway")

On July 31, 2018, the Company acquired 4,000,000 shares of Northway at a price of \$0.001 per share for a total subscription price of \$4,000 representing a 100% interest in Northway. As at December 31, 2018, the Company held a 57% interest in Northway and had control over Northway (Note 13).

On January 25, 2019, the Company settled an amount receivable of \$100,000 from Northway for 2,000,000 units at a price of \$0.05 per unit for a total settlement value of \$100,000. Each unit comprises of one (1) common share and one (1) warrant exercisable into one (1) common share at an exercise price of \$0.10 with an expiry of 5 years from the date of issue. The Company's interest in Northway increased from 57% to 67% and the Company maintained control of Northway.

On March 19, 2019, Northway issued additional shares from a private placement that diluted the Company's ownership of Northway from 67% to 38% which lead to a loss of control of Northway and deconsolidation of Northway from the Company's financial statements. The Company recognized a gain of \$282,944 on the deconsolidation of Northway. The Company still retained significant influence over Northway, resulting in Northway being recorded on the Company's financial statements as an investment in associate.

The initial recognition of the investment in associate was accounted for at fair value using the share price from Northway's private placement in March 19, 2019, multiplied by the number of shares that the Company held of Northway at that time. The gain on deconsolidation was calculated as a result of recognizing the net assets of Northway, recognizing the non-controlling interest and recognizing the fair value of the investment in associate.

On August 22, 2019, Northway completed an initial public offering that further diluted the Company's ownership in Northway to 17%. The Company determined they no longer had significant influence and classified the investment in Northway at FVTPL.

The calculation for the investment in associate is as follows:

|                                                                             | Amount            |
|-----------------------------------------------------------------------------|-------------------|
| Share price of Northway as at March 19, 2019                                | \$ 0.05           |
| Number of Northway shares owned by the Company as at March 19, 2019         | 6,000,000         |
|                                                                             | \$ 300,000        |
| Fair value of Northway warrant as at March 19, 2019                         | \$ 0.03           |
| Number of Northway warrants owned by the Company as at March 19, 2019       | 2,000,000         |
|                                                                             | \$ 64,007         |
| <b>Initial recognition of the investment in associate on March 19, 2019</b> | <b>\$ 364,007</b> |

**KENORLAND MINERALS LTD.**

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months period June 30, 2020

(Expressed in Canadian Dollars - Unaudited)

**5. INVESTMENTS (CONTINUED)****Northway Resources Corp. ("Northway")**

The following table illustrates the summarized financial information of the Company's investment in Northway, including the share of loss from an associate from March 20, 2019 to June 30, 2019.

|                                          | <b>June 30, 2019</b>                       |
|------------------------------------------|--------------------------------------------|
| Current assets                           | \$ 285,867                                 |
| Non-current assets                       | 343,537                                    |
| Current liabilities                      | (94,562)                                   |
| Net assets                               | 534,842                                    |
| The Company's ownership %                | 37.50%                                     |
| <b>The Company's share of net assets</b> | <b>\$ 200,566</b>                          |
|                                          | <b>March 19, 2019 to<br/>June 30, 2019</b> |
| Loss for the period                      | \$ (65,701)                                |
| The Company's ownership %                | 37.50%                                     |
| <b>Total Company's share of net loss</b> | <b>\$ (24,638)</b>                         |

On August 22, 2019, the Company determined it no longer had significant influence over Northway and classified the investment at FVTPL.

|                                                                                  | <b>August 22, 2019</b> |
|----------------------------------------------------------------------------------|------------------------|
| Net investment, opening                                                          | \$ 364,007             |
| Equity loss from March 19, 2019 to August 22, 2019                               | (28,417)               |
| De-recognition from investment in associate                                      | (335,590)              |
| <b>Net investment, closing</b>                                                   | <b>\$ -</b>            |
|                                                                                  | <b>Amount</b>          |
| Share price of Northway as at August 22, 2019                                    | \$ 0.10                |
| Number of Northway shares owned by the Company as at August 22, 2019             | 6,000,000              |
|                                                                                  | \$ 600,000             |
| Fair value of Northway warrant as at August 22, 2019                             | \$ 0.07                |
| Number of Northway warrants owned by the Company as at August 22, 2019           | 2,000,000              |
|                                                                                  | \$ 143,169             |
| <b>Initial recognition of the investment at fair value as at August 22, 2019</b> | <b>\$ 743,169</b>      |

**KENORLAND MINERALS LTD.**

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months period June 30, 2020

(Expressed in Canadian Dollars - Unaudited)

**5. INVESTMENTS (CONTINUED)****Northway Resources Corp. ("Northway")**

The warrants were valued using the Black-Scholes option pricing model, with the following weighted average assumptions:

|                           | Six months ended,<br>June 30, 2020 | Six months ended,<br>June 30, 2019 |
|---------------------------|------------------------------------|------------------------------------|
| Risk-free interest rate   | 0.30%                              | -                                  |
| Expected life of warrants | 3.6 years                          | -                                  |
| Annualized volatility     | 100%                               | -                                  |
| Dividend rate             | 0.00%                              | -                                  |

The following table is a reconciliation of the investment in Northway:

|                                                                              | Amount            |
|------------------------------------------------------------------------------|-------------------|
| De-recognition from investment in associate                                  | \$ 335,590        |
| Change in fair value on initial recognition of investment at fair value      | 407,579           |
| Initial recognition of investment at fair market value as at August 22, 2019 | 743,169           |
| Change in fair value as at December 31, 2019                                 | (157,208)         |
| <b>Investment in Northway as at December 31, 2019</b>                        | <b>585,961</b>    |
| Change in fair value in shares as at June 30, 2020                           | 30,000            |
| Change in fair value in warrants as at June 30, 2020                         | 904               |
| <b>Investment in Northway as at June 30, 2020</b>                            | <b>\$ 616,865</b> |

As at December 31, 2019, the Company held 6,000,000 shares and 2,000,000 warrants of Northway with a fair market value of \$480,000 and 105,961, respectively. From August 22, 2019 December 31, 2019, the Company recorded a net change in fair value of investments of \$250,371 in relation to these shares.

As at June 30, 2020, the Company held 6,000,000 shares and 2,000,000 warrants of Northway with a fair market value of \$510,000 and \$106,865, respectively. During the six month period ended June 30, 2020, the Company recorded a net change in fair value of investments of \$30,000 and \$904 in relation to these shares and warrants respectively.

## KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements

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### 5. INVESTMENTS (CONTINUED)

#### Urbangold Minerals Inc. ("Urbangold")

In June 2020, the Company acquired 1,200,000 units of Urbangold at a price of \$0.125 per share for a total price of \$150,000. Each unit consisted of one (1) share and one (1) warrant with each warrant exercisable into one (1) common share at an exercise price of \$0.20 per share for 3 years.

The warrants were valued using the Black-Scholes option pricing model, with the following weighted average assumptions:

|                           | Six months ended,<br>June 30, 2020 | Six months ended,<br>June 30, 2019 |
|---------------------------|------------------------------------|------------------------------------|
| Risk-free interest rate   | 0.30%                              | -                                  |
| Expected life of warrants | 2.9 years                          | -                                  |
| Annualized volatility     | 130%                               | -                                  |
| Dividend rate             | 0.00%                              | -                                  |

As at June 30, 2020, the Company recorded a net change in fair value of investments of \$133,673 for a total fair market value of \$168,000 and \$115,673 in relation to these shares and warrants, respectively.

#### Kingfisher Resources Ltd. ("Kingfisher")

In April 2020, the Company acquired 500,000 shares of Kingfisher at a price of \$0.10 per share in exchange for certain mineral claims owned by the Company.

In June 2020, the Company acquired 1,000,000 shares of Kingfisher at a price of \$0.10 per share in exchange for certain mineral claims owned by the Company. Per the agreement, the Company will received an additional shares with a value of \$100,000 upon the date of the first anniversary date Kingfisher commences trading on the TSX Venture exchange (Note 6).

As at June 30, 2020, the Company recorded a value of \$150,000 (December 31, 2019 - \$Nil).

# KENORLAND MINERALS LTD.

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## 6. EXPLORATION AND EVALUATION ASSETS

The Company's costs and expenditures for the periods related to exploration and evaluation of mineral properties are as follows:

|                                      | Quebec        |                |               |                |              |          |              |                |          |          | Total<br>Quebec |
|--------------------------------------|---------------|----------------|---------------|----------------|--------------|----------|--------------|----------------|----------|----------|-----------------|
|                                      | Chicobi       | Frotet         | James<br>Bay  | Lac<br>Fagnant | Fox<br>River | Kukames  | Road<br>King | Chebistuan     | Beniost  | Miniac   |                 |
|                                      | \$            | \$             | \$            | \$             | \$           | \$       | \$           | \$             |          |          | \$              |
| <b>Balance, December 31, 2018</b>    | <b>85,998</b> | <b>196,014</b> | <b>83,516</b> | <b>11,828</b>  | -            | -        | -            | -              | -        | -        | <b>377,356</b>  |
| Exploration expenditures:            |               |                |               |                |              |          |              |                |          |          |                 |
| Assays                               | 104,877       | 295,025        | -             | -              | -            | 5,493    | 4,136        | -              | -        | -        | 409,531         |
| Staking and claim maintenance        | 5,220         | 12,920         | -             | -              | 5,877        | 12,684   | 14,068       | 145,622        | -        | -        | 196,391         |
| Consulting                           | 463,894       | 765,254        | -             | -              | -            | 2,753    | -            | -              | -        | -        | 1,231,901       |
| Drilling                             | 733,267       | -              | -             | -              | -            | -        | -            | -              | -        | -        | 733,267         |
| Geological                           | 8,800         | 368,820        | -             | 1,328          | -            | -        | -            | -              | -        | -        | 378,948         |
| Site development                     | 6,284         | -              | -             | -              | -            | -        | -            | -              | -        | -        | 6,284           |
| Supplies                             | 88,784        | 50,263         | -             | -              | -            | -        | -            | -              | -        | -        | 139,047         |
| Travel and accommodations            | 92,148        | 149,724        | -             | -              | -            | -        | -            | -              | -        | -        | 241,872         |
|                                      | 1,503,274     | 1,642,006      | -             | 1,328          | 5,877        | 20,930   | 18,204       | 145,622        | -        | -        | 3,337,241       |
| Contribution received from optionees | (1,494,975)   | (1,642,006)    | -             | -              | -            | -        | -            | -              | -        | -        | (3,136,981)     |
| Option payment received              | -             | -              | -             | -              | -            | -        | -            | -              | -        | -        | -               |
| Elimination of subsidiary            | -             | -              | -             | -              | -            | -        | -            | -              | -        | -        | -               |
| Impairment                           | -             | -              | (83,516)      | -              | (5,877)      | (20,930) | (18,204)     | -              | -        | -        | (128,527)       |
| <b>Balance, December 31, 2019</b>    | <b>94,297</b> | <b>196,014</b> | <b>-</b>      | <b>13,156</b>  | <b>-</b>     | <b>-</b> | <b>-</b>     | <b>145,622</b> | <b>-</b> | <b>-</b> | <b>449,089</b>  |



**KENORLAND MINERALS LTD.**

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**6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)**

|                                         | Total<br>Quebec<br>\$ | British<br>Columbia<br>Thibert<br>\$ | Total Canada<br>\$ | Alaska          |                | Total USA<br>\$ | Total<br>\$      |
|-----------------------------------------|-----------------------|--------------------------------------|--------------------|-----------------|----------------|-----------------|------------------|
|                                         |                       |                                      |                    | Tanacross<br>\$ | Healy<br>\$    |                 |                  |
| <b>Balance, December 31, 2018</b>       | <b>377,356</b>        | <b>-</b>                             | <b>377,356</b>     | <b>612,348</b>  | <b>178,906</b> | <b>791,254</b>  | <b>1,168,610</b> |
| Exploration expenses                    |                       |                                      |                    |                 |                |                 |                  |
| Assays                                  | 409,531               | 703                                  | 410,234            | 425,638         | -              | 425,638         | 835,872          |
| Staking and claim<br>maintenance        | 196,391               | 21,856                               | 218,247            | 161,618         | -              | 161,618         | 379,865          |
| Consulting                              | 1,231,901             | 16,263                               | 1,248,164          | 671,734         | -              | 671,734         | 1,919,898        |
| Drilling                                | 733,267               | -                                    | 733,267            | 1,942,257       | -              | 1,942,257       | 2,675,524        |
| Geological                              | 378,948               | 33,441                               | 412,389            | 559,497         | -              | 559,497         | 971,886          |
| Site development                        | 6,284                 | -                                    | 6,284              | 14,082          | -              | 14,082          | 20,366           |
| Supplies                                | 139,047               | -                                    | 139,047            | 848,280         | -              | 848,280         | 987,327          |
| Travel and accommodation                | 241,872               | -                                    | 241,872            | 1,327,160       | -              | 1,327,160       | 1,569,032        |
|                                         | 3,337,241             | 72,263                               | 3,409,504          | 5,950,266       | -              | 5,950,266       | 9,359,770        |
| Contribution received from<br>optionees | (3,136,981)           | -                                    | (3,136,981)        | (5,950,266)     | -              | (5,950,266)     | (9,087,247)      |
| Option payment received                 | -                     | -                                    | -                  | (66,015)        | -              | (66,015)        | (66,015)         |
| Elimination of subsidiary               | -                     | -                                    | -                  | -               | (178,906)      | (178,906)       | (178,906)        |
| Impairment                              | (128,527)             | -                                    | (128,527)          | -               | -              | -               | (128,527)        |
| <b>Balance, December 31, 2019</b>       | <b>449,089</b>        | <b>72,263</b>                        | <b>521,352</b>     | <b>546,333</b>  | <b>-</b>       | <b>546,333</b>  | <b>1,067,685</b> |

# KENORLAND MINERALS LTD.

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For the three and six months period June 30, 2020

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## 6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

|                                                                  | Quebec        |                |              |                |              |         |              |                |               |              | Total<br>Quebec |
|------------------------------------------------------------------|---------------|----------------|--------------|----------------|--------------|---------|--------------|----------------|---------------|--------------|-----------------|
|                                                                  | Chicobi       | Frotet         | James<br>Bay | Lac<br>Fagnant | Fox<br>River | Kukames | Road<br>King | Chebistuan     | Beniost       | Miniac       |                 |
|                                                                  | \$            | \$             | \$           | \$             | \$           | \$      | \$           | \$             | \$            | \$           | \$              |
| <b>Balance, December 31, 2019</b>                                | <b>94,297</b> | <b>196,014</b> | -            | <b>13,156</b>  | -            | -       | -            | <b>145,622</b> | -             | -            | <b>449,089</b>  |
| Acquisition fee                                                  | -             | 224,060        | -            | -              | -            | -       | -            | 30,800         | -             | -            | 254,860         |
| Exploration expenditures:                                        |               |                |              |                |              |         |              |                |               |              |                 |
| Assays                                                           | 153,574       | 217,161        | -            | 410            | -            | -       | -            | -              | -             | -            | 371,145         |
| Staking and claim<br>maintenance                                 | 3,656         | 1,288          | -            | 3,411          | -            | -       | -            | 6,744          | 54,574        | -            | 69,673          |
| Consulting                                                       | 498,971       | 579,851        | -            | 227            | -            | -       | -            | 19,629         | -             | 9,250        | 1,107,928       |
| Drilling                                                         | 658,914       | 985,548        | -            | -              | -            | -       | -            | 5,572          | -             | -            | 1,650,034       |
| Geological                                                       | -             | 111,454        | -            | 720            | -            | -       | -            | 45,784         | -             | -            | 157,958         |
| Site development                                                 | 14,751        | 2,969          | -            | -              | -            | -       | -            | -              | -             | -            | 17,720          |
| Supplies                                                         | 130,733       | 36,166         | -            | -              | -            | -       | -            | -              | -             | -            | 166,899         |
| Travel and<br>accommodations                                     | 45,941        | 161,527        | -            | -              | -            | -       | -            | -              | -             | -            | 207,468         |
| Contribution received<br>from optionees                          | 1,506,540     | 2,320,024      | -            | 4,768          | -            | -       | -            | 108,529        | 54,574        | 9,250        | 4,003,685       |
| Disposition of mineral<br>property                               | (1,506,540)   | (2,320,024)    | -            | -              | -            | -       | -            | -              | -             | -            | (3,826,564)     |
| Reallocation of excess<br>funding on termination<br>of agreement | -             | -              | -            | -              | -            | -       | -            | -              | -             | -            | -               |
| <b>Balance, June 30, 2020</b>                                    | <b>94,297</b> | <b>196,014</b> | -            | <b>17,924</b>  | -            | -       | -            | <b>254,151</b> | <b>54,574</b> | <b>9,250</b> | <b>626,210</b>  |

# **KENORLAND MINERALS LTD.**

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## **6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)**

|                                                               | Total<br>Quebec<br>\$ | British<br>Columbia<br>Thibert<br>\$ | Total Canada<br>\$ | Alaska          |             | Total USA<br>\$ | Total<br>\$      |
|---------------------------------------------------------------|-----------------------|--------------------------------------|--------------------|-----------------|-------------|-----------------|------------------|
|                                                               |                       |                                      |                    | Tanacross<br>\$ | Healy<br>\$ |                 |                  |
| <b>Balance, December 31, 2019</b>                             | <b>449,089</b>        | <b>72,263</b>                        | <b>521,352</b>     | <b>546,333</b>  | <b>-</b>    | <b>546,333</b>  | <b>1,067,685</b> |
| Acquisition fee                                               | 254,860               | -                                    | 254,860            | -               | -           | -               | 254,860          |
| Exploration expenses                                          |                       |                                      |                    |                 |             |                 |                  |
| Assays                                                        | 371,145               | 22                                   | 371,167            | 43,772          | -           | 43,772          | 414,939          |
| Staking and claim<br>maintenance                              | 69,673                | -                                    | 69,673             | 15,813          | -           | 15,813          | 85,486           |
| Consulting                                                    | 1,107,928             | -                                    | 1,107,928          | 161,787         | -           | 161,787         | 1,269,715        |
| Drilling                                                      | 1,650,034             | -                                    | 1,650,034          | 274,354         | -           | 274,354         | 1,924,388        |
| Geological                                                    | 157,958               | -                                    | 157,958            | 41,401          | -           | 41,401          | 199,359          |
| Site development                                              | 17,720                | -                                    | 17,720             | 3,192           | -           | 3,192           | 20,912           |
| Supplies                                                      | 166,899               | -                                    | 166,899            | 195,679         | -           | 195,679         | 362,578          |
| Travel and accommodation                                      | 207,468               | -                                    | 207,468            | 68,469          | -           | 68,469          | 275,937          |
| Contribution received from<br>optionees                       | 4,003,685             | 22                                   | 4,003,707          | 804,467         | -           | 804,467         | 4,808,174        |
| Disposition of mineral property                               | (3,826,564)           | -                                    | (3,826,564)        | (804,467)       | -           | (804,467)       | (4,631,031)      |
| Reallocation of excess funding<br>on termination of agreement | -                     | (72,285)                             | (72,285)           | -               | -           | -               | (72,285)         |
|                                                               | -                     | -                                    | -                  | (55,607)        | -           | (55,607)        | (55,607)         |
| <b>Balance, June 30, 2020</b>                                 | <b>626,210</b>        | <b>-</b>                             | <b>626,210</b>     | <b>490,726</b>  | <b>-</b>    | <b>490,726</b>  | <b>1,116,936</b> |

## **KENORLAND MINERALS LTD.**

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### **6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)**

#### **Chicobi Property – Quebec, Canada**

In February 2019, the Company entered into an earn in and joint venture exploration agreement with Sumitomo Metal Mining Canada Limited ("SMCL"). Under the agreement, SMCL can earn up to a 70% interest in the Chicobi Property by making exploration expenditures as follows:

- a) to acquire an undivided 51% interest, SMCL must fund an aggregate of \$4.9 million in expenditures on the Chicobi Property on or before May 31, 2022. During such period, SMCL irrevocably commits to fund \$1.2 million of expenditures (funded).
- b) to acquire an additional undivided 19% interest (for a total undivided interest of 70%), SMCL must, within 90 days following the completion of acquiring 51% interest, notify the Company that they will fund an aggregate of an additional \$10 million in expenditures on the property within the three year time period.

If the participating interest in the joint venture property of any party is diluted to 10% or less whether by reason of failure to complete funding contribution requirements or default, the participating interest will be deemed to have been automatically converted to a 2% net smelter return royalty in favor of the other party in respect of minerals produced from the property. If the party whose participating interest is forfeited, they will be deemed to have abandoned the property and the full benefit, ownership and title of the property shall be deemed to have passed to the other party for the payment of good and valuable consideration.

In accordance with the agreement, the Company is the operator and is entitled to charge SMCL operator fees of 10% on costs incurred in account of exploration on the Chicobi property until SMCL acquires the first 51% interest in the property.

During the year ended December 31, 2019, SMCL funded \$1,693,554 in exploration expenditures of which \$1,494,975 was spent on exploration and evaluation assets. The excess funding received at December 31, 2019 of \$198,579 has been allocated to advances received.

During the six months ended June 30, 2020, SMCL funded \$1,471,082 in exploration expenditures of which \$1,506,540 was spent on exploration and evaluation assets. The excess funding received at June 30, 2020 of \$163,121 has been allocated to advances received.

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### **6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)**

#### **Frotet Property – Quebec, Canada**

The property is located north of Chibougamau, Quebec and was acquired by nominal staking costs and a payment of \$6,000 to an arm's length vendor.

On April 17, 2018, the Company entered in an earn in and joint venture exploration agreement with SMCL. Under the agreement, SMCL can earn up to an 80% interest in the Fortet Property by making exploration expenditures as follows:

- a) to acquire an undivided 65% interest, SMCL must fund an aggregate of \$4.3 million in expenditures on the Fortet Property on or before April 17, 2021. During such period, SMCL irrevocably commits to fund \$500,000 of expenditures (funded).
- b) to acquire an additional undivided 15% interest (for a total undivided interest of 80%), SMCL must, within 90 days following the completion of acquiring 65% interest, notify the Company that they will fund an aggregate of an additional \$4 million in expenditures on the property within the one year time period.

If the participating interest in the joint venture property of any party is diluted to 10% or less whether by reason of failure to complete funding contribution requirements or default, the participating interest will be deemed to have been automatically converted to a 2% net smelter return royalty in favor of the other party in respect of minerals produced from the property. If the party whose participating interest is forfeited, they will be deemed to have abandoned the property and the full benefit, ownership and title of the property shall be deemed to have passed to the other party for the payment of good and valuable consideration.

In accordance with the agreement, the Company is the operator and is entitled to charge SMCL operator fees of 10% on costs incurred in account of exploration on the Frotet Property until SMCL acquires the first 65% interest in the property.

During the year ended December 31, 2019, SMCL funded \$1,892,954 in exploration expenditures of which \$1,642,006 was spent on exploration and evaluation assets. The excess funding received at December 31, 2019 of \$307,947 has been allocated to advances received.

In April 2020, the Company entered into a purchase agreement with O3 Mining Inc. ("O3") to purchase mineral claims in Quebec for a total purchase price of \$900,000. Under the agreement, the payment terms are as follows:

- a) \$100,000 upon execution of agreement (paid); \$150,000 on the first year anniversary; \$250,000 on the second year anniversary; and \$400,000 on the third year anniversary.
- b) When the Company acquires 100% interest in the property and it goes into commercial production, O3 will be entitled to receive a 2.0% net smelter return royalty with the right to purchase one half of royalty upon the payment of \$1,000,000.

In April 2020, SCML and the Company signed a side agreement that the purchase and any legal costs associated with the acquisition of the mineral claims from O3 would be included in their earn in agreement.

During the six months ended June 30, 2020, SMCL funded \$2,362,008 in exploration expenditures of which \$2,320,024 was spent on exploration and evaluation assets. The excess funding received at June 30, 2020 of \$349,931 has been allocated to advances received.

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### **6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)**

#### **James Bay Property – Quebec, Canada**

In 2017, the Company staked claims covering multiple project areas within the James Bay Region of Quebec. This project represents early stage exploration opportunities.

During the year ended December 31, 2019, the Company impaired the James Bay project by \$83,516 as management did not have further plans to explore the property, as such, it has been written down to \$nil.

#### **Lac Fagnant Property – Quebec, Canada**

On January 16, 2018, and subsequently amended in July 2018, the Company entered into an agreement with Harfang Exploration Inc. ("Harfang") and Urbangold for exploration on certain mineral rights comprising certain mining claims on the property located in the Nunavik territory, east of Kuujuarapik on the east coast of Hudson Bay, Quebec.

Under the agreement, the participating interest is as follows: the Company – 40%, Harfang – 40%, and UrbanGold – 20%. Harfang is the operator, which can charge operator fees of 5% on costs incurred in account for exploration expenditures on the Lac Fagnant Property, as long as its participating interest is equal to or greater than the other participants' participating interest.

#### **Fox River Property, Quebec, Canada**

In 2019, the Company staked claims within the Fox River Region of Quebec. During the year ended December 31, 2019, the Company impaired the Fox River project by \$5,877 as management did not have further plans to explore the property, as such, it has been written down to \$nil.

#### **Kukames Property, Quebec, Canada**

In 2019, the Company staked claims within the Kukames Region of Quebec. During the year ended December 31, 2019, the Company impaired the Kukames project by \$20,930 as management did not have further plans to explore the property, as such, it has been written down to \$nil.

#### **Road King Property, Quebec, Canada**

In 2019, the Company staked claims within the Road King Region of Quebec. During the year ended December 31, 2019, the Company impaired the Road King project by \$18,204 as management did not have further plans to explore the property, as such, it has been written down to \$nil.

#### **Chebistuan Property, Quebec, Canada**

In 2019, the Company staked claims within the Treve Region of Quebec.

During the six months period ended June 30, 2020, the following transactions occurred:

- a) the Company acquired mineral claims for a total price of \$10,800 from three individuals; and
- b) the Company acquired mineral claims for a total price of \$20,000 from Vanstar Mining Resources Inc.

#### **Benoist Property, Quebec, Canada**

During the six months period ended June 30, 2020, the Company staked claims within the Miquelon Region of Quebec.

## **KENORLAND MINERALS LTD.**

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### **6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)**

#### **Miniac Property, British Columbia, Canada**

During the six months ended June 30, 2020 the Company staked claims within the Miniac Region of Quebec.

#### **Thibert Property, British Columbia, Canada**

In 2019, the Company staked claims within the Thibert Region of British Columbia.

During the six months period ended June 30, 2020, the Company sold the mineral claims to Kingfisher Resources Ltd. ("Kingfisher") in exchange the Company received:

- a) 1,000,000 shares of Kingfisher with at \$0.10 per share for a total value of \$100,000; and
- b) an additional shares with a value of \$100,000 upon the date of the first anniversary date Kingfisher commences trading on the TSX Venture exchange.

#### **Tanacross Property – Alaska, USA**

The property is located northeast of Tok, Alaska and was acquired by staking and a payment of \$20,000 to an arm's length vendor.

On August 1, 2018, the Company with its wholly owned subsidiaries, 1118892 and KUSA, signed a farm-out agreement with Freeport-McMoRan Mineral Properties Inc. ("FMMP"). Under the agreement FMMP can earn up to an 80% interest in the Tanacross Property by making payments and exploration expenditures as follows:

- a) to acquire an undivided 51% interest, FMMP must:
  - i. pay the Company US\$100,000 (paid (CAD\$128,631)) within 60 days of the agreement;
  - ii. pay the Company US\$50,000 (paid (CAD\$66,015)) and incur US\$500,000 (incurred) in exploration expenditures by September 30, 2019;
  - iii. pay the Company US\$50,000 and incur a further US\$1,000,000 (incurred) in exploration expenditures by September 30, 2020;
  - iv. pay the Company US\$50,000 and incur a further US\$3,500,000 in exploration expenditures by September 30, 2021.

Upon FMMP acquiring the 51% interest, a joint venture will be formed. FMMP may, in its sole discretion, accelerate the schedule for making the payment and incurring exploration expenditures.

- b) to acquire an additional undivided 29% interest (for a total undivided interest of 80%), FMMP must, within 60 days following the completion of acquiring the 51% interest, notify the Company that they will fund an aggregate of an additional \$40 million in expenditures on the property within a six year time period.

In accordance with the agreement, KUSA is the operator and is entitled to charge FMMP operator fees of 5% on exploration expenditure contracts that require payment over US\$500,000 and 10% on all other costs incurred in account for exploration expenditures on the Tanacross Property until FMMP acquires the first 51% interest in the property.

During the year ended December 31, 2019, FMMP funded \$5,842,914 in exploration expenditures of which \$5,950,266 was spent on exploration and evaluation assets. The excess funding received at December 31, 2019 of \$81,489 has been allocated to advances received.

**KENORLAND MINERALS LTD.**

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**6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)****Tanacross Property – Alaska, USA**

During the six months period ended June 30, 2020, FMMP funded \$778,585 in exploration expenditures of which \$804,467 was spent on exploration and evaluation assets.

In June 2020, FMMP has also given notice to terminate the farm-out agreement. Due to the advanced stage of the earn in, the Company and FMMP amended the farm-out agreement for FMMP to receive a 1% net smelter royalty in the property and in exchange the Company will receive a payment of US\$50,260 in November 2020. The excess funding received at June 30, 2020 of \$55,607 has been allocated to the Company.

**Healy Property – Alaska, USA**

On July 31, 2018, the Company's then 100% owned subsidiary Northway, entered into an agreement (later amended in May 2019) with Newmont North America Exploration Limited ("Newmont") to acquire, by way of contribution (the "Contribution"), up to 70% of the property located in Fairbanks Recording District, Alaska (the "Healy Property").

In March 2019, the Company no longer held a controlling interest in Northway; as such, the Healy Property was no longer consolidated into the accounts of the Company.

**7. EQUIPMENT**

|                         | <b>Computer<br/>equipment</b> | <b>Furniture &amp;<br/>equipment</b> | <b>Total</b>  |
|-------------------------|-------------------------------|--------------------------------------|---------------|
|                         | <b>\$</b>                     | <b>\$</b>                            | <b>\$</b>     |
| <b>Cost:</b>            |                               |                                      |               |
| At December 31, 2018    | 2,586                         | -                                    | 2,586         |
| Additions               | -                             | 3,279                                | 3,279         |
| At December 31, 2019    | 2,586                         | 3,279                                | 5,865         |
| Additions               | 7,027                         | 5,870                                | 12,897        |
| At June 30, 2020        | 9,613                         | 9,149                                | 18,762        |
| <b>Depreciation:</b>    |                               |                                      |               |
| At December 31, 2018    | 711                           | -                                    | 711           |
| Charge for the year     | 1,031                         | 328                                  | 1,359         |
| At December 31, 2019    | 1,742                         | 328                                  | 2,070         |
| Charge for the period   | 699                           | 721                                  | 1,420         |
| At June 30, 2020        | 2,441                         | 1,049                                | 3,490         |
| <b>Net book value:</b>  |                               |                                      |               |
| At December 31, 2019    | 844                           | 2,951                                | 3,795         |
| <b>At June 30, 2020</b> | <b>7,172</b>                  | <b>8,100</b>                         | <b>15,272</b> |



**KENORLAND MINERALS LTD.**

Notes to Condensed Interim Consolidated Financial Statements

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**8. RIGHT-OF-USE ASSET AND LEASE LIABILITY**

Commencing June 2019, the Company entered into a three-year term lease agreement for office space in Vancouver, British Columbia. In January 2020, The Company entered into a two year and six month lease agreement for office space in Vancouver, British Columbia.

**Right-of-Use Asset**

|                               | <b>Office<br/>lease<br/>\$</b> |
|-------------------------------|--------------------------------|
| <b>Cost:</b>                  |                                |
| Balance, December 31, 2018    | -                              |
| Additions                     | 59,170                         |
| Balance, December 31, 2019    | 59,170                         |
| Additions                     | 18,937                         |
| Balance, June 30, 2020        | 78,107                         |
| <b>Depreciation:</b>          |                                |
| Balance, December 31, 2018    | -                              |
| Charge for the year           | 11,505                         |
| Balance, December 31, 2019    | 11,505                         |
| Charge for the period         | 13,780                         |
| Balance, June 30, 2020        | 25,285                         |
| <b>Net book value:</b>        |                                |
| Balance, December 31, 2019    | 47,665                         |
| <b>Balance, June 30, 2020</b> | <b>58,822</b>                  |

Depreciation of right-of-use asset is calculated using the straight-line method over the remaining lease term.

**Lease Liability**

|                                                   | <b>\$</b>     |
|---------------------------------------------------|---------------|
| Lease liability recognized as of June 1, 2019     | 59,170        |
| Lease payments made                               | (12,789)      |
| Interest expense on lease liability               | 2,233         |
|                                                   | 48,614        |
| Lease liability recognition as of January 1, 2020 | 18,937        |
| Lease payments made                               | (15,232)      |
| Interest expense on lease liabilities             | 2,175         |
|                                                   | 54,494        |
| Less: current portion                             | (13,521)      |
| <b>At June 30, 2020</b>                           | <b>40,973</b> |

The remaining minimum future lease payments, excluding estimated operating costs, for the term of the lease is as follows:

|                                      |           |
|--------------------------------------|-----------|
| July 1, 2020 to December 31, 2020    | \$ 15,232 |
| January 1, 2021 to December 31, 2021 | \$ 30,464 |
| January 1, 2022 to May 31, 2022      | \$ 12,693 |

## KENORLAND MINERALS LTD.

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### 9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

|                       | June 30,<br>2020 | December 31,<br>2019 |
|-----------------------|------------------|----------------------|
|                       | \$               | \$                   |
| Accounts payable      | 83,471           | 167,047              |
| Accrued liabilities   | 348,162          | 41,210               |
| Payroll taxes payable | 10,805           | 7,285                |
| Government assistance | 40,000           | -                    |
|                       | <b>482,438</b>   | <b>215,542</b>       |

### 10. SHARE CAPITAL AND RESERVES

#### Authorized share capital

Authorized share capital consists of an unlimited number of common shares without par value and an unlimited number of preferred shares without par value, non-voting, participating and redeemable at an amount set by the directors.

#### Issued share capital

During the year ended December 31, 2019:

- The Company closed a private placement by issuing 1,070,000 common shares at a price of \$0.50 per share for gross proceeds of \$535,000. In connection with this private placement the Company incurred share issue costs of \$6,671.

During the six months ended June 30, 2020:

- The Company closed a non-brokered private placement financing of 1,259,000 common shares at a price of \$0.50 per share for gross proceeds of \$629,500. The Company paid finders' fees of \$4,515 in connection with the private placement.
- The Company closed a non-brokered private placement financing of 780,000 common shares at a price of \$0.50 per share for gross proceeds of \$390,000. The Company incurred expenses of \$7,948 related to the financing.
- The Company issued 100,000 common shares in connection with the exercise of 100,000 stock options with an exercise price of \$0.15 for a total proceeds of \$15,000.

#### Share options

The Company's stock option plan provides for the issuance of stock options to its officers, directors, employees and consultants. Stock options are non-transferable and the aggregate number of shares that may be reserved for issuance pursuant to stock options may not exceed 10% of the issued shares of the Company at the time of granting. The exercise price and vesting terms of stock options is determined by the Board of Directors of the Company at the time of grant.

In February 2019, the exercise period of 1,600,000 previously granted options was extended by two years.

In September 2019, the Company granted 100,000 stock options with a total fair value of \$37,310 to a consultant of the Company and 150,000 stock options with a total fair value of \$55,912 to an employee of the Company. All options granted are exercisable at a price of \$0.50 per share for a period of five years, vesting as follows: 1/3 on the first anniversary, 1/3 on the second anniversary and 1/3 on the third anniversary.

**KENORLAND MINERALS LTD.**

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**10. SHARE CAPITAL AND RESERVES (CONTINUED)****Share options (continued)**

During the year ended December 31, 2019, the Company recognized share-based compensation of \$109,754.

In March 2020, the Company granted 1,650,000 stock options with a total value of \$613,327 to directors, employees and consultants of the Company. All options granted are exercisable at a price of \$0.50 per share for a period of five years, vesting as follows: 1/3 on the first anniversary, 1/3 on the second anniversary and 1/3 on the third anniversary.

During the six months ended June 30, 2020, the Company recognized share-based compensation of \$172,640 (June 30, 2019 - \$56,832).

The following weighted average assumptions were used in the Black-Scholes option-pricing model for the valuation of the share options granted:

|                                                | Six months ended<br>June 30,<br>2020 | Six months ended<br>June 30,<br>2019 |
|------------------------------------------------|--------------------------------------|--------------------------------------|
| Risk-free interest rate                        | 1.07%                                | -                                    |
| Dividend yield                                 | Nil                                  | -                                    |
| Expected life                                  | 5 years                              | -                                    |
| Volatility                                     | 100%                                 | -                                    |
| Weighted average fair value per option granted | \$0.35                               | -                                    |

Share option transactions are summarized as follows:

|                               | Number of<br>Stock Options | Weighted Average<br>Exercise Price |
|-------------------------------|----------------------------|------------------------------------|
|                               |                            | \$                                 |
| Balance, December 31, 2018    | 1,600,000                  | 0.23                               |
| Granted                       | 250,000                    | 0.50                               |
| Balance, December 31, 2019    | 1,850,000                  | 0.26                               |
| Granted                       | 1,650,000                  | 0.50                               |
| Exercised                     | (100,000)                  | 0.15                               |
| <b>Balance, June 30, 2020</b> | <b>3,400,000</b>           | <b>0.37</b>                        |

**KENORLAND MINERALS LTD.**

Notes to Condensed Interim Consolidated Financial Statements

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(Expressed in Canadian Dollars - Unaudited)

**10. SHARE CAPITAL AND RESERVES (CONTINUED)****Share options (continued)**

A summary of the share options outstanding and exercisable at June 30, 2020 is as follows:

| <b>Number of<br/>Stock Options<br/>Outstanding</b> | <b>Number of<br/>Stock Options<br/>Exercisable</b> | <b>Exercise Price</b> | <b>Expiry Date</b> |
|----------------------------------------------------|----------------------------------------------------|-----------------------|--------------------|
|                                                    |                                                    | <b>\$</b>             |                    |
| 600,000                                            | 600,000                                            | 0.15                  | October 19, 2023   |
| 100,000                                            | 66,666                                             | 0.15                  | October 2, 2024    |
| 400,000                                            | 266,665                                            | 0.30                  | December 1, 2024   |
| 400,000                                            | 133,332                                            | 0.30                  | July 1, 2025       |
| 100,000                                            | -                                                  | 0.50                  | September 15, 2024 |
| 150,000                                            | -                                                  | 0.50                  | September 27, 2024 |
| 1,650,000                                          | -                                                  | 0.50                  | March 2, 2025      |
| <b>3,400,000</b>                                   | <b>1,066,663</b>                                   |                       |                    |

The weighted average life of share options outstanding at June 30, 2020 was 4.4 years.

**Restricted Share Units**

The Company adopted a Restricted Share Unit ("RSU") plan in August 2019 for its directors, officers, employees, and consultants, under which it is authorized to grant:

- If a public company, the maximum number of common shares reserved for issuance under the plan, together with any other share compensation arrangements, shall not exceed 10% of the Company's issued and outstanding common shares; and
- If a private company, no maximum.

Upon vesting, the holder of an RSU award can elect to receive one common share or the equivalent cash payment based on the market price of the common share on settlement.

In September 2019, the Company issued 550,000 RSUs to various employees and directors of the Company all which vest on September 27, 2022. The RSUs were accounted for as cash-settled awards. For the year ended December 31, 2019, the Company recorded share-based compensation expense of \$23,837. The fair value of the RSUs of \$275,000 was measured using the value on grant date. During the six months ended June 30, 2020, the Company recorded share-based compensation expense of \$45,666. As at June 30, 2020, the fair value of the RSUs was \$275,000 and December 31, 2019 was also \$275,000.

During the six months period, June 30, 2020, there were no restricted share units transactions.

RSU transactions are summarized as follows:

|                                                         | <b>Number of RSUs</b> | <b>Weighted average<br/>fair value at time of<br/>grant</b> |
|---------------------------------------------------------|-----------------------|-------------------------------------------------------------|
| Balance, December 31, 2018                              | -                     | \$ -                                                        |
| Granted                                                 | 550,000               | 0.50                                                        |
| <b>Balance, December 31, 2019<br/>and June 30, 2020</b> | <b>550,000</b>        | <b>\$ 0.50</b>                                              |

**KENORLAND MINERALS LTD.**

Notes to Condensed Interim Consolidated Financial Statements

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(Expressed in Canadian Dollars - Unaudited)

**11. EARNINGS (LOSS) PER COMMON SHARE**

The following table sets forth the computation of basic and diluted earnings (loss) per share:

|                                                                     | For the three months<br>ended June 30, |            | For the six months ended<br>June 30, |            |
|---------------------------------------------------------------------|----------------------------------------|------------|--------------------------------------|------------|
|                                                                     | 2020                                   | 2019       | 2020                                 | 2019       |
| Numerator                                                           |                                        |            |                                      |            |
| Net income (loss) attributable to<br>shareholders                   | \$ 142,539                             | \$ 20,813  | \$ (49,493)                          | \$ 239,160 |
| Denominator                                                         |                                        |            |                                      |            |
| For basic-weighted average number of<br>common shares outstanding   | 15,209,001                             | 12,482,089 | 14,485,908                           | 12,241,045 |
| Effect of dilutive stock options                                    | 880,000                                | 600,000    | -                                    | 420,633    |
| For diluted weighted average number<br>of common shares outstanding | 16,089,001                             | 13,082,089 | 14,485,908                           | 12,661,678 |
| Earnings (loss) per common share                                    |                                        |            |                                      |            |
| Basic and diluted                                                   | \$ 0.01                                | \$ 0.00    | \$ (0.00)                            | \$ 0.02    |

**12. RELATED PARTY TRANSACTIONS**

Key management personnel includes those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Company's Board of Directors and corporate officers and related companies.

|                                   | June 30,<br>2020 | June 30,<br>2019 |
|-----------------------------------|------------------|------------------|
|                                   | \$               | \$               |
| Exploration and evaluation assets | 40,426           | 8,300            |
| Geologists                        | 121,278          | 73,334           |
| Salaries and benefits             | 51,033           | 65,507           |
| Share-based compensation          | 176,937          | 42,450           |
|                                   | <b>389,674</b>   | <b>189,591</b>   |

During the six months ended June 30, 2020, the Company entered into the following transactions with related parties, not disclosed elsewhere in these financial statements:

- i. Paid wages to key management personnel of \$212,737 (June 30, 2019 - \$147,141) of which \$121,278 (June 30, 2019 - \$73,334) was included in geologists, \$51,033 (June 30, 2019 - \$65,507) was included in salaries and benefits and \$40,426 (June 30, 2019 - \$8,300) was capitalized to exploration and evaluation assets.
- ii. Paid consulting fees of \$7,150 (June 30, 2019 - \$21,450) to a corporate officer and their related company which was capitalized to exploration and evaluation assets.
- iii. As at June 30, 2020 \$2,284 (June 30, 2019 - \$25,993) was included in accounts payable and accrued liabilities owing to a corporate officer.
- IV. Received rent recoveries of \$7,500 (June 30, 2019 - \$Nil) from a company related by way of common directors and officers.

## KENORLAND MINERALS LTD.

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### 13. NON-CONTROLLING INTEREST

As at December 31, 2018, the Company held a 57% ownership interest in Northway. On January 25, 2019, the Company's interest in Northway was increased to 67%. On March 18, 2019, the Company's interest in Northway was decreased to 38%, as such, the non-controlling interest was subsequently eliminated.

The following table presents the changes in equity attributable to the non-controlling interest in Northway:

|                                                          | June 30,<br>2020 | December 31,<br>2019 |
|----------------------------------------------------------|------------------|----------------------|
|                                                          | \$               | \$                   |
| Balance, beginning of period                             | -                | 64,978               |
| Changes in non-controlling interest of Northway (Note 5) | -                | -                    |
| Share of comprehensive loss for the period               | -                | (361)                |
| Elimination of non-controlling interest                  | -                | (64,617)             |
| <b>Balance, end of period</b>                            | <b>-</b>         | <b>-</b>             |

### 14. FINANCIAL INSTRUMENTS

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Unobservable inputs that are supported by little or no market activity, therefore requiring an entity to develop its own assumptions about the assumption that market participants would use in pricing.

The fair value of the Company's receivables, accounts payable and accrued liabilities and advances received approximates their carrying values. The Company's cash and investments in common shares are measured at fair value using Level 1 inputs. The Company's investments in warrants are measured at fair value using Level 3 inputs while investments in private company common shares are measured at fair value using Level 2 inputs. The carrying value of the Company's lease liability is measured at the present value of the discounted future cash flows.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

## KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements

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### 14. FINANCIAL INSTRUMENTS (CONTINUED)

a) Currency risk

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company's operations are carried out in Canada and the United States. As at June 30, 2020, the Company had current assets totaling US\$5,153 and current liabilities totalling US\$Nil. These factors expose the Company to foreign currency exchange rate risk, which could have an adverse effect on the profitability of the Company. A 1% change in the exchange rate would change other comprehensive income/loss by approximately CAD\$70. At this time, the Company currently does not have plans to enter into foreign currency future contracts to mitigate this risk, however it may do so in the future

b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company's cash is held in a large Canadian financial institution. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk. The Company's sales tax receivable is due from the Government of Canada and Revenu Quebec therefore, the credit risk exposure is low.

The maximum exposure to credit risk as at June 30, 2020 is the carrying value of the trade accounts receivable. The Company has not provided for an expected credit loss as management believes the funds are fully collectible.

c) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks or credit unions.

d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet liabilities when they become due. As at June 30, 2020, the Company had a cash balance of \$1,478,039 to settle current liabilities of \$1,078,514.

e) Commodity Price risk

The ability of the Company to explore and develop its exploration and evaluation assets and the future profitability of the Company are directly related to the price of gold. The Company monitors metals prices to determine the appropriate course of action to be taken.

f) Market price risk

Market price risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its holdings of financial instruments.

**KENORLAND MINERALS LTD.**

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months period June 30, 2020

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**15. CAPITAL MANAGEMENT**

The Company considers its capital structure to include the components of shareholders' equity. Management's objective is to ensure that there is sufficient capital to minimize liquidity risk and to continue as a going concern. As an exploration stage company, the Company is currently unable to self-finance its operations. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future, or that the terms of such financings will be favourable. The Company's share capital is not subject to any external restrictions and the Company did not change its approach to capital management during the period.

**16. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS**

|                                                           | For the six months ended<br>June 30, |           |
|-----------------------------------------------------------|--------------------------------------|-----------|
|                                                           | 2020                                 | 2019      |
|                                                           | \$                                   | \$        |
| Supplemental non-cash disclosures                         |                                      |           |
| Exploration and evaluation assets in accounts payable     | 411,628                              | 1,461,010 |
| Exploration and evaluation assets in receivables          | 4,691                                | 7,417     |
| Accounts receivable settlement                            | -                                    | 100,000   |
| Recognition of right-of-use asset and lease liabilities   | 18,937                               | 59,170    |
| Reallocation of excess funding from the Tanacross project | 55,607                               |           |
| Share options exercised                                   | 9,404                                | -         |
| Acquisition of investment in equity instrument            | 150,000                              | -         |
| Value of shares received on sale of mineral properties    | 150,000                              | -         |

**17. SEGMENTED INFORMATION**

The Company has one operating segment, being the exploration of mineral properties. Geographic information is as follows:

|                                   | As at June 30, 2020 |         |           |
|-----------------------------------|---------------------|---------|-----------|
|                                   | Canada              | USA     | Total     |
|                                   | \$                  | \$      | \$        |
| Exploration and evaluation assets | 626,210             | 490,726 | 1,116,936 |
| Equipment                         | 15,272              | -       | 15,272    |
| Right-of-use asset                | 52,822              | -       | 52,822    |
|                                   | 694,304             | 490,726 | 1,185,030 |

|                                   | As at December 31, 2019 |         |           |
|-----------------------------------|-------------------------|---------|-----------|
|                                   | Canada                  | USA     | Total     |
|                                   | \$                      | \$      | \$        |
| Exploration and evaluation assets | 521,352                 | 546,333 | 1,067,685 |
| Equipment                         | 3,795                   | -       | 3,795     |
| Right-of-use asset                | 47,665                  | -       | 47,665    |
|                                   | 572,812                 | 546,333 | 1,119,145 |



## KENORLAND MINERALS LTD.

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months period June 30, 2020

(Expressed in Canadian Dollars - Unaudited)

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### 18. SUBSEQUENT EVENTS

- a) In July 2020, the Company entered into an Option Agreement with G.L. Geoservice Inc. and another individual ("Optionors") for a property located in Quebec. Under the agreement, the Company will be the operator and has the option to acquire 100% interest in the property by making payments and exploration expenditures as follows:
- The Company must pay the following cash payments of \$50,000 upon signing of the Agreement (paid); \$75,000 on or before the 1<sup>st</sup> anniversary, \$100,000 on or before the 2<sup>nd</sup> anniversary, \$125,000 on or before the 3<sup>rd</sup> anniversary and \$250,000 on or before the 4<sup>th</sup> anniversary; and
  - The Company must carry out mining work on the property incurring aggregate expenditures of \$1,000,000 on or before the 4<sup>th</sup> anniversary.

If and when the option is exercised, the Company will acquire 100% interest in the property and will grant the Optionors a 1.0% net smelter return royalty with the right to purchase one half of royalty upon the payment of \$1,000,000.

- b) In July 2020, the Company entered into a purchase and royalty agreement with Vanstar Mining Resources Inc. ("Vanstar"). Under the agreement, the Company agreed to purchase mineral claims located in Quebec from Vanstar in exchange the Company agreed to :
- Payment of \$20,000 immediately upon signing the agreement to Vanstar (paid); and
  - In the event of commercial production with respect to these mineral claims, Vanstar is entitled to a 2.0% on net smelter return royalty. Half of the royalty (1.0% of net smelter income) can be redeemed at the Company's discretion for consideration of \$1,000,000 payable in cash in lump sum. The Company holds the right of first refusal over this same 1.0% of royalty owned by Vanstar.
- c) In July 2020, the Company entered into exploration with venture option agreement with Newmont Corporation ("Newmont"). Under the agreement, the Company is the operator, which can charge operator fees of 10% on costs incurred in account for exploration expenditures, except for invoices equaling or exceeding \$200,000 individually, which in case the fee would be 5%, until the completion of Newmont acquiring 51% interest in the Chebistuan property. In order to acquire 51% interest, Newmont must:
- advance the Company a minimum of \$700,000 in qualifying expenditures to complete the geochemical sampling work;
  - pay the Company an annual cash payment of \$50,000 on the first and second anniversary of completion and approval of the geochemical sampling work; and
  - advance the Company an additional \$2,000,000 in qualifying expenditures.
- d) In August 2020, the Company entered into a sale agreement with 1247667 BC Ltd. ("1247667 BC") to sell mineral claims in Quebec in exchange for a 15% interest of 1247667 BC and a net smelter return royalty of 2%.
- e) In August 2020, the Company entered into a sale and transfer agreement to purchase mineral titles from two individuals for a total purchase price of \$10,000 and a net smelter return royalty of 1.5%.

## **KENORLAND MINERALS LTD.**

Notes to Condensed Interim Consolidated Financial Statements

For the three and six months period June 30, 2020

(Expressed in Canadian Dollars - Unaudited)

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### **18. SUBSEQUENT EVENTS (CONTINUED)**

- f) In September 2020, the Company entered into a definitive amalgamation agreement with Northway (the "Amalgamation Agreement"). The transaction contemplated by the Amalgamation Agreement (the "Transaction") will result in a reverse takeover of Northway by the Company in accordance with the policies of the TSX Ventures Exchange ("TSXV").

Prior to the closing of the Transaction, the outstanding common shares of Northway ("NTW Shares") will be consolidated on the basis of one (1) new NTW Share for every seven (7) existing NTW Shares (the "Consolidation").

Under the terms of the Amalgamation Agreement, the Transaction will be completed by way of a three-cornered amalgamation under the Business Corporations Act (British Columbia), whereby:

- a) 1265114 B.C. Ltd. ("Subco"), a subsidiary created for the purposes of completing the Transaction, will amalgamate with and into the Company, with the amalgamated entity ("Amalco") becoming a wholly owned subsidiary of Northway;
- b) each outstanding share of the Company shall be converted into the right to receive two (2) post-Consolidation NTW Shares;
- c) all NTW Shares held by the Company will be canceled without any repayment of capital; and
- d) Amalco will become a wholly-owned subsidiary of Northway.

Concurrently with closing of the Transaction, Northway is expected to change its name to "Kenorland Minerals Ltd." or such other name as the parties may determine.

In connection with the Transaction, the Company plans to complete a concurrent financing of 10,000,000 subscription receipts to raise aggregate gross proceeds of \$10,000,000 (the "Private Placement"), with each subscription receipt converted into shares of the Company immediately prior to the completion of the Transaction.

Pursuant to the terms of the Amalgamation Agreement, completion of the Transaction will be subject to a number of conditions, including but not limited to, closing conditions customary to transactions of the nature of the Transaction, including the completion of the Consolidation, the completion of the Private Placement, approval of the shareholders of the Company and Northway, approvals of all regulatory bodies having jurisdiction in connection with the Transaction and approval of the TSXV including the satisfaction of its initial listing requirements.

**SCHEDULE “J”**

**MD&A OF KENORLAND FOR THE SIX MONTHS ENDED JUNE 30, 2020**

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**KENORLAND MINERALS LTD**

**MANAGEMENT DISCUSSION AND ANALYSIS**

**FOR THE SIX MONTHS ENDED JUNE 30, 2020**

**KENORLAND MINERALS LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**For the Six Months Ended June 30, 2020**

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**General**

The purpose of this Management Discussion and Analysis (“**MD&A**”) is to explain management’s point of view regarding the past performance and future outlook of Kenorland Minerals Ltd. (“**Kenorland**” or the “**Company**”). This report also provides information to improve the reader’s understanding of the financial statements and related notes as well as important trends and risks affecting the Company’s financial performance, and should therefore be read in conjunction with the Company’s unaudited condensed interim consolidated financial statements and notes for the three and six months ended June 30, 2020 and 2019 (the “**Financial Statements**”) and the audited consolidated financial statements for the years ended December 31, 2019 and 2018.

All information contained in this MD&A is current as of October 30, 2020 unless otherwise stated.

The Financial Statements and related notes and all financial information in this MD&A has been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board (“**IASB**”) and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

**Overview**

Kenorland was incorporated on July 13, 2016 under the Business Corporations Act of British Columbia. Its principal business activities include the acquisition and exploration of precious metal mineral properties in Quebec, Canada, British Columbia, Canada, and Alaska, USA.

**Corporate Activities**

In February 2020, the Company closed a non-brokered private placement financing of 1,259,000 common shares at a price of \$0.50 per share for gross proceeds of \$629,500. The Company paid finders’ fees of \$4,515 in connection with the private placement.

In March 2020, the Company closed a non-brokered private placement financing of 780,000 common shares at a price of \$0.50 per share for gross proceeds of \$390,000. The Company incurred expenses of \$7,948 related to the financing.

In March 2020, the Company issued 100,000 common shares in connection with the exercise of 100,000 stock options with an exercise price of \$0.15 for total proceeds of \$15,000.

In March 2020, the Company granted 1,650,000 of stock options to employees and consultants of the Company with an exercise price of \$0.50 per share for a period of five years, vesting as follows: 1/3 on the first anniversary, 1/3 on the second anniversary and 1/3 on the third anniversary.

In April 2020, the Company entered into an asset sale and royalty agreement with Kingfisher Resources Ltd. (“**Kingfisher**”). Under the agreement, the Company sold certain mineral claims located in British Columbia, Canada to Kingfisher. In exchange the Company received:

1. 500,000 common shares of Kingfisher at a value of \$0.10 per share for total proceeds of \$50,000; and
2. Retained a 2.0% net smelter return royalty with respect to the mineral claims sold.

In April 2020, the Company entered into a purchase agreement with three individuals to purchase mineral claims in Quebec for a purchase price of \$10,800.

In April 2020, the Company entered into a purchase agreement with O3 Mining Inc. (“**O3**”) to purchase mineral claims in Quebec for a purchase price of \$900,000. Terms of the agreement are as follows: \$100,000 upon execution of the agreement (paid); \$150,000 on the first year anniversary; \$250,000 on the second year anniversary; and \$400,000 on the third year anniversary.

Once the Company acquires a 100% interest in the property and it begins commercial production, O3 will be entitled to receive a 2.0% net smelter return royalty with the Company having the right to purchase one half of the royalty upon the payment of \$1,000,000.

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In June 2020, Freeport-McMoRan Mineral Properties Inc. (“**FMMP**”) gave notice of the termination of the farm-out agreement. As part of the amendment and termination of the farm-out agreement, the Company agreed to provide FMMP with a 1% net smelter royalty on the property in exchange the Company will receive a payment of US\$50,260 in November 2020.

In June 2020, the Company entered into an asset sale and royalty agreement with Kingfisher Resources Ltd. (“**Kingfisher**”). Under the agreement, the Company sold certain mineral claims located in British Columbia, Canada to Kingfisher. In exchange the Company received:

1. 1,000,000 common shares of Kingfisher at a value of \$0.10 per share for total proceeds of \$100,000;
2. Additional shares with a value of \$100,000 upon the date of the first anniversary that Kingfisher commences trading on the TSX Venture Exchange; and
3. Retained a 2.0% net smelter return royalty with respect to the mineral claims sold.

In July 2020, the Company entered into an Option Agreement with G.L. Geoservice Inc. and another individual (“**Optionors**”) for a property located in Quebec. Under the agreement, the Company will be the operator and has the option to acquire 100% interest in the property by making payments and exploration expenditures as follows:

1. cash payments of \$50,000 upon signing of the Agreement (paid); \$75,000 on or before the 1<sup>st</sup> anniversary, \$100,000 on or before the 2<sup>nd</sup> anniversary, \$125,000 on or before the 3<sup>rd</sup> anniversary and \$250,000 on or before the 4<sup>th</sup> anniversary; and
2. the Company must incur aggregate mining expenditures of \$1,000,000 on or before the 4<sup>th</sup> anniversary.

If and when the option is exercised, the Company will acquire 100% interest in the property and will grant the Optionors a 1.0% net smelter return royalty with the right to purchase one half of the royalty upon the payment of \$1,000,000.

In July 2020, the Company entered into a purchase and royalty agreement with Vanstar Mining Resources Inc. (“**Vanstar**”). Under the agreement, the Company agreed to purchase mineral claims located in Quebec from Vanstar in exchange the Company agreed to:

1. Payment of \$20,000 immediately upon signing the agreement to Vanstar (paid); and
2. In the event of commercial production with respect to these mineral claims, Vanstar is entitled to a 2.0% net smelter return royalty. One-half of the royalty (1.0% net smelter return royalty) can be bought down at the Company’s discretion for consideration of \$1,000,000. The Company holds the right of first refusal over this same 1.0% royalty.

In July 2020, the Company entered into an exploration with venture option agreement with Newmont Corporation (“**Newmont**”). Under the agreement, the Company is the operator, and can charge operator fees of 10% on costs incurred in account of exploration expenditures, except for invoices equaling or exceeding \$200,000 individually, in which case the fee would be 5%, until Newmont earned 51% interest in the Chebistuan property. In order to acquire the 51% interest, Newmont must:

1. advance the Company a minimum of \$700,000 in qualifying expenditures to complete geochemical sampling work;
2. pay the Company an annual cash payment of \$50,000 on the first and second anniversary of completion and approval of the geochemical sampling work; and
3. advance the Company an additional \$2,000,000 in qualifying expenditures.

In August 2020, the Company entered into a sale agreement with 1247667 BC Ltd. (“**1247667 BC**”) to sell mineral claims in Quebec in exchange for a 15% interest of 1247667 BC and a net smelter return royalty of 2%.

In August 2020, the Company entered into a sale and transfer agreement to purchase mineral titles from two individuals for a total purchase price of \$10,000 and a net smelter return royalty of 1.5%.

In September 2020, the Company entered into a definitive amalgamation agreement with Northway Resources Corp. (“**Northway**”) (the “**Amalgamation Agreement**”). The transaction contemplated by the Amalgamation Agreement (the “**Transaction**”) will result in a reverse takeover of Northway by the Company in accordance with the policies of the TSX Ventures Exchange. Upon completion of the Transaction, it is anticipated that the Company will be listed as a Tier 2 Mining issuer and will carry on the combined business of the Company and Northway (the “**Resulting Issuer**”).

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Prior to the closing of the Transaction, the outstanding common shares of Northway (“**NTW Shares**”) will be consolidated on the basis of one (1) new NTW Share for every seven (7) existing NTW Shares (the “**Consolidation**”).

Under the terms of the Amalgamation Agreement, the Transaction will be completed by way of a three-cornered amalgamation under the Business Corporations Act (British Columbia), whereby:

- a) 1265114 B.C. Ltd., a subsidiary created for the purposes of completing the Transaction, will amalgamate with and into the Company, with the amalgamated entity (“**Amalco**”) becoming a wholly owned subsidiary of Northway;
- b) each outstanding share of the Company shall be converted into the right to receive two (2) post-Consolidation NTW Shares;
- c) all NTW Shares held by the Company will be canceled without any repayment of capital; and
- d) Amalco will become a wholly-owned subsidiary of Northway.

Concurrently with closing of the Transaction, Northway is expected to change its name to “Kenorland Minerals Ltd.” or such other name as the parties may determine.

In connection with the Transaction, the Company plans to complete a concurrent financing of 10,000,000 subscription receipts to raise aggregate gross proceeds of \$10,000,000 (the “**Private Placement**”), with each subscription receipt converted into shares of the Company immediately prior to the completion of the Transaction. As Kenorland is the holder of 6,000,000 common shares of Northway, representing 14.50% of the current issued and outstanding shares, the Transaction constitutes a ‘related party transaction’ as defined in Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions (“**MI 61-101**”). As a result, the completion of the Transaction will be subject to majority of the minority shareholder approval requirements of MI 61-101.

Pursuant to the terms of the Amalgamation Agreement, completion of the Transaction will be subject to a number of conditions, including but not limited to, closing conditions customary to transactions of the nature of the Transaction, including the completion of the Consolidation, the completion of the Private Placement, approval of the shareholders of the Company and Northway, approvals of all regulatory bodies having jurisdiction in connection with the Transaction and approval of the TSXV including the satisfaction of its initial listing requirements.

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**Geological Summary**

Exploration and Evaluation Properties

For the six months ended June 30, 2020, the Company incurred exploration and evaluation expenditures of \$177,121. The total cumulative acquisition and deferred exploration costs of the Company to June 30, 2020 are summarized as follows:

|                                      | Quebec        |                |               |                |              |          |           |                |          |          | Total<br>Quebec |
|--------------------------------------|---------------|----------------|---------------|----------------|--------------|----------|-----------|----------------|----------|----------|-----------------|
|                                      | Chicobi       | Frotet         | James<br>Bay  | Lac<br>Fagnant | Fox<br>River | Kukames  | Road King | Chebistuan     | Beniost  | Miniac   |                 |
|                                      | \$            | \$             | \$            | \$             | \$           | \$       | \$        | \$             |          |          | \$              |
| <b>Balance, December 31, 2018</b>    | <b>85,998</b> | <b>196,014</b> | <b>83,516</b> | <b>11,828</b>  | -            | -        | -         | -              | -        | -        | <b>377,356</b>  |
| Exploration expenditures:            |               |                |               |                |              |          |           |                |          |          |                 |
| Assays                               | 104,877       | 295,025        | -             | -              | -            | 5,493    | 4,136     | -              | -        | -        | 409,531         |
| Staking and claim maintenance        | 5,220         | 12,920         | -             | -              | 5,877        | 12,684   | 14,068    | 145,622        | -        | -        | 196,391         |
| Consulting                           | 463,894       | 765,254        | -             | -              | -            | 2,753    | -         | -              | -        | -        | 1,231,901       |
| Drilling                             | 733,267       | -              | -             | -              | -            | -        | -         | -              | -        | -        | 733,267         |
| Geological                           | 8,800         | 368,820        | -             | 1,328          | -            | -        | -         | -              | -        | -        | 378,948         |
| Site development                     | 6,284         | -              | -             | -              | -            | -        | -         | -              | -        | -        | 6,284           |
| Supplies                             | 88,784        | 50,263         | -             | -              | -            | -        | -         | -              | -        | -        | 139,047         |
| Travel and accommodations            | 92,148        | 149,724        | -             | -              | -            | -        | -         | -              | -        | -        | 241,872         |
| Contribution received from optionees | 1,503,274     | 1,642,006      | -             | 1,328          | 5,877        | 20,930   | 18,204    | 145,622        | -        | -        | 3,337,241       |
| Option payment received              | (1,494,975)   | (1,642,006)    | -             | -              | -            | -        | -         | -              | -        | -        | (3,136,981)     |
| Elimination of subsidiary            | -             | -              | -             | -              | -            | -        | -         | -              | -        | -        | -               |
| Impairment                           | -             | -              | (83,516)      | -              | (5,877)      | (20,930) | (18,204)  | -              | -        | -        | (128,527)       |
| <b>Balance, December 31, 2019</b>    | <b>94,297</b> | <b>196,014</b> | <b>-</b>      | <b>13,156</b>  | <b>-</b>     | <b>-</b> | <b>-</b>  | <b>145,622</b> | <b>-</b> | <b>-</b> | <b>449,089</b>  |



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|                                         | Total Quebec   | British<br>Columbia<br>Thibert | Total Canada   | Alaska         |                | Total USA      | Total            |
|-----------------------------------------|----------------|--------------------------------|----------------|----------------|----------------|----------------|------------------|
|                                         |                |                                |                | Tanacross      | Healy          |                |                  |
|                                         | \$             | \$                             | \$             | \$             | \$             | \$             | \$               |
| <b>Balance, December 31, 2018</b>       | <b>377,356</b> | <b>-</b>                       | <b>377,356</b> | <b>612,348</b> | <b>178,906</b> | <b>791,254</b> | <b>1,168,610</b> |
| Exploration expenses                    |                |                                |                |                |                |                |                  |
| Assays                                  | 409,531        | 703                            | 410,234        | 425,638        | -              | 425,638        | 835,872          |
| Staking and claim maintenance           | 196,391        | 21,856                         | 218,247        | 161,618        | -              | 161,618        | 379,865          |
| Consulting                              | 1,231,901      | 16,263                         | 1,248,164      | 671,734        | -              | 671,734        | 1,919,898        |
| Drilling                                | 733,267        | -                              | 733,267        | 1,942,257      | -              | 1,942,257      | 2,675,524        |
| Geological                              | 378,948        | 33,441                         | 412,389        | 559,497        | -              | 559,497        | 971,886          |
| Site development                        | 6,284          | -                              | 6,284          | 14,082         | -              | 14,082         | 20,366           |
| Supplies                                | 139,047        | -                              | 139,047        | 848,280        | -              | 848,280        | 987,327          |
| Travel and accommodation                | 241,872        | -                              | 241,872        | 1,327,160      | -              | 1,327,160      | 1,569,032        |
| Contribution received from<br>optionees | 3,337,241      | 72,263                         | 3,409,504      | 5,950,266      | -              | 5,950,266      | 9,359,770        |
| Option payment received                 | (3,136,981)    | -                              | (3,136,981)    | (5,950,266)    | -              | (5,950,266)    | (9,087,247)      |
| Elimination of subsidiary               | -              | -                              | -              | (66,015)       | -              | (66,015)       | (66,015)         |
| Impairment                              | -              | -                              | -              | -              | (178,906)      | (178,906)      | (178,906)        |
|                                         | (128,527)      | -                              | (128,527)      | -              | -              | -              | (128,527)        |
| <b>Balance, December 31, 2019</b>       | <b>449,089</b> | <b>72,263</b>                  | <b>521,352</b> | <b>546,333</b> | <b>-</b>       | <b>546,333</b> | <b>1,067,685</b> |

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|                                                                  | Quebec        |                |              |                |              |         |           |                |               |              | Total<br>Quebec |
|------------------------------------------------------------------|---------------|----------------|--------------|----------------|--------------|---------|-----------|----------------|---------------|--------------|-----------------|
|                                                                  | Chicobi       | Frotet         | James<br>Bay | Lac<br>Fagnant | Fox<br>River | Kukames | Road King | Chebistuan     | Beniost       | Miniac       |                 |
|                                                                  | \$            | \$             | \$           | \$             | \$           | \$      | \$        | \$             | \$            | \$           | \$              |
| <b>Balance, December 31, 2019</b>                                | <b>94,297</b> | <b>196,014</b> | -            | <b>13,156</b>  | -            | -       | -         | <b>145,622</b> | -             | -            | <b>449,089</b>  |
| Acquisition fee                                                  | -             | 224,060        | -            | -              | -            | -       | -         | 30,800         | -             | -            | 254,860         |
| Exploration expenditures:                                        |               |                |              |                |              |         |           |                |               |              |                 |
| Assays                                                           | 153,574       | 217,161        | -            | 410            | -            | -       | -         | -              | -             | -            | 371,145         |
| Staking and claim<br>maintenance                                 | 3,656         | 1,288          | -            | 3,411          | -            | -       | -         | 6,744          | 54,574        | -            | 69,673          |
| Consulting                                                       | 498,971       | 579,851        | -            | 227            | -            | -       | -         | 19,629         | -             | 9,250        | 1,107,928       |
| Drilling                                                         | 658,914       | 985,548        | -            | -              | -            | -       | -         | 5,572          | -             | -            | 1,650,034       |
| Geological                                                       | -             | 111,454        | -            | 720            | -            | -       | -         | 45,784         | -             | -            | 157,958         |
| Site development                                                 | 14,751        | 2,969          | -            | -              | -            | -       | -         | -              | -             | -            | 17,720          |
| Supplies                                                         | 130,733       | 36,166         | -            | -              | -            | -       | -         | -              | -             | -            | 166,899         |
| Travel and<br>accommodations                                     | 45,941        | 161,527        | -            | -              | -            | -       | -         | -              | -             | -            | 207,468         |
| Contribution received from<br>optionees                          | 1,506,540     | 2,320,024      | -            | 4,768          | -            | -       | -         | 108,529        | 54,574        | 9,250        | 4,003,685       |
| Disposition of mineral<br>property                               | (1,506,540)   | (2,320,024)    | -            | -              | -            | -       | -         | -              | -             | -            | (3,826,564)     |
| Reallocation of excess<br>funding on termination of<br>agreement | -             | -              | -            | -              | -            | -       | -         | -              | -             | -            | -               |
| <b>Balance, June 30, 2020</b>                                    | <b>94,297</b> | <b>196,014</b> | -            | <b>17,924</b>  | -            | -       | -         | <b>254,151</b> | <b>54,574</b> | <b>9,250</b> | <b>626,210</b>  |

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|                                                            | Total Quebec   | British<br>Columbia<br>Thibert | Total Canada   | Alaska         |          | Total USA      | Total            |
|------------------------------------------------------------|----------------|--------------------------------|----------------|----------------|----------|----------------|------------------|
|                                                            |                |                                |                | Tanacross      | Healy    |                |                  |
|                                                            | \$             | \$                             | \$             | \$             | \$       | \$             | \$               |
| <b>Balance, December 31, 2019</b>                          | <b>449,089</b> | <b>72,263</b>                  | <b>521,352</b> | <b>546,333</b> | <b>-</b> | <b>546,333</b> | <b>1,067,685</b> |
| Acquisition fee                                            | 254,860        | -                              | 254,860        | -              | -        | -              | 254,860          |
| Exploration expenses                                       |                |                                |                |                |          |                |                  |
| Assays                                                     | 371,145        | 22                             | 371,167        | 43,772         | -        | 43,772         | 414,939          |
| Staking and claim maintenance                              | 69,673         | -                              | 69,673         | 15,813         | -        | 15,813         | 85,486           |
| Consulting                                                 | 1,107,928      | -                              | 1,107,928      | 161,787        | -        | 161,787        | 1,269,715        |
| Drilling                                                   | 1,650,034      | -                              | 1,650,034      | 274,354        | -        | 274,354        | 1,924,388        |
| Geological                                                 | 157,958        | -                              | 157,958        | 41,401         | -        | 41,401         | 199,359          |
| Site development                                           | 17,720         | -                              | 17,720         | 3,192          | -        | 3,192          | 20,912           |
| Supplies                                                   | 166,899        | -                              | 166,899        | 195,679        | -        | 195,679        | 362,578          |
| Travel and accommodation                                   | 207,468        | -                              | 207,468        | 68,469         | -        | 68,469         | 275,937          |
|                                                            | 4,003,685      | 22                             | 4,003,707      | 804,467        | -        | 804,467        | 4,808,174        |
| Contribution received from optionees                       | (3,826,564)    | -                              | (3,826,564)    | (804,467)      | -        | (804,467)      | (4,631,031)      |
| Disposition of mineral property                            | -              | (72,285)                       | (72,285)       | -              | -        | -              | (72,285)         |
| Reallocation of excess funding on termination of agreement | -              | -                              | -              | (55,607)       | -        | (55,607)       | (55,607)         |
| <b>Balance, June 30, 2020</b>                              | <b>626,210</b> | <b>-</b>                       | <b>626,210</b> | <b>490,726</b> | <b>-</b> | <b>490,726</b> | <b>1,116,936</b> |

### **Chicobi Property – Quebec, Canada**

The project is located 30 kilometers northeast of the town of Amos, Quebec (the “**Chicobi Project**”). The Chicobi Project covers 41,775 ha and over 45 kilometers of strike along the Chicobi Deformation Zone (“**CDZ**”), a major, yet under-explored structural break transecting the Abitibi greenstone belt of Ontario and Quebec. The CDZ is analogous to the other major breaks hosting world-class Au deposits of the Abitibi, such as the Cadillac-Larder Lake, Casa-Berardi, and Sunday Lake – Lower Detour deformation zones, and has the potential to host significant orogenic gold and VMS mineralization.

In February 2019, the Company entered into an earn in and joint venture exploration agreement with SMCL. Under the agreement, SMCL can earn up to a 70% interest in the Chicobi Property by making exploration expenditures as follows:

- a) to acquire an undivided 51% interest, SMCL must fund an aggregate of \$4.9 million in expenditures on the Chicobi Property on or before May 31, 2022. During such period, SMCL irrevocably commits to fund \$1.2 million of expenditures (funded).
- b) to acquire an additional undivided 19% interest (for a total undivided interest of 70%), SMCL must, within 90 days following the completion of acquiring 51% interest, notify the Company that they will fund an aggregate of an additional \$10 million in expenditures on the property within the three-year time period.

If the participating interest in the joint venture property of any party is diluted to 10% or less whether by reason of failure to complete funding contribution requirements or default, the participating interest will be deemed to have been automatically converted to a 2% net smelter return royalty in favor of the other party in respect of minerals produced from the property. If the party whose participating interest is forfeited, they will be deemed to have abandoned the property and the full benefit, ownership and title of the property shall be deemed to have passed to the other party for the payment of good and valuable consideration.

In accordance with the agreement, the Company is the operator and is entitled to charge SMCL operator fees of 10% on costs incurred in account of exploration on the Chicobi property until SMCL acquires the first 51% interest in the property.

During the year ended December 31, 2019, SMCL funded \$1,693,554 in exploration expenditures of which \$1,494,975 was spent on exploration and evaluation assets. The excess funding received at December 31, 2019 of \$198,579 has been allocated to advances received.

During the six months ended June 30, 2020, SMCL funded \$1,471,082 in exploration expenditures of which \$1,506,540 was spent on exploration and evaluation assets. The excess funding received at June 30, 2020 of \$163,121 has been allocated to advances received.

### **Frotet Property – Quebec, Canada**

The property is located north of Chibougamau, Quebec and was acquired by nominal staking costs and a payment of \$6,000 to an arm’s length vendor (the “**Frotet Project**”). The Frotet Project covers 37,840 ha of the Frotet-Evans Archean greenstone belt within the Opatika geological sub-province of Quebec. The property is adjacent to the past-producing Troilus Au-Cu mine and covers several major deformation zones associated with known orogenic gold prospects, as well as stratigraphy hosting VMS deposits elsewhere in the belt.

Scientific and technical disclosure for the Frotet Project is supported by the technical report with an effective date of September 30, 2020, entitled “NI 43-101 Technical Report for the Frotet Gold Project”, prepared by GMY Consulting Inc.

On April 17, 2018, the Company entered in an earn in and joint venture exploration agreement with SMCL. Under the agreement, SMCL can earn up to an 80% interest in the Fortet Property by making exploration expenditures as follows:

- a) to acquire an undivided 65% interest, SMCL must fund an aggregate of \$4.3 million in expenditures on the Fortet Property on or before April 17, 2021. During such period, SMCL irrevocably commits to fund \$500,000 of expenditures (funded).
- b) to acquire an additional undivided 15% interest (for a total undivided interest of 80%), SMCL must, within 90 days following the completion of acquiring 65% interest, notify the Company that they will fund an aggregate of an additional \$4 million in expenditures on the property within the one-year time period.

If the participating interest in the joint venture property of any party is diluted to 10% or less whether by reason of failure to complete funding contribution requirements or default, the participating interest will be deemed to have been automatically converted to a 2% net smelter return royalty in favor of the other party in respect of minerals produced from the property. If the party whose participating interest is forfeited, they will be deemed to have abandoned the property and the full benefit, ownership and title of the property shall be deemed to have passed to the other party for the payment of good and valuable consideration.

In accordance with the agreement, the Company is the operator and is entitled to charge SMCL operator fees of 10% on costs incurred in account of exploration on the Fortet Property until SMCL acquires the first 65% interest in the property.

During the year ended December 31, 2019, SMCL funded \$1,892,954 in exploration expenditures of which \$1,642,006 was spent on exploration and evaluation assets. The excess funding received at December 31, 2019 of \$307,947 has been allocated to advances received.

In April 2020, the Company entered into a purchase agreement with O3 Mining Inc. (“**O3**”) to purchase mineral claims in Quebec for a total purchase price of \$900,000. Under the agreement, the payment terms are as follows:

- a) \$100,000 upon execution of agreement (paid); \$150,000 on the first year anniversary; \$250,000 on the second year anniversary; and \$400,000 on the third year anniversary.
- b) When the Company acquires 100% interest in the property and it goes into commercial production, O3 will be entitled to receive a 2.0% net smelter return royalty with the right to purchase one half of royalty upon the payment of \$1,000,000.

In April 2020, SMCL and the Company signed a side agreement that the purchase and any legal costs associated with the acquisition of the mineral claims from O3 would be included in their earn in agreement.

During the six months ended June 30, 2020, SMCL funded \$2,362,008 in exploration expenditures of which \$2,320,024 was spent on exploration and evaluation assets. The excess funding received at June 30, 2020 of \$349,931 has been allocated to advances received.

#### **Lac Fagnant Property – Quebec, Canada**

On January 16, 2018, and subsequently amended in July 2018, the Company entered into an agreement with Harfang Exploration Inc. (“**Harfang**”) and Urbangold Minerals Inc. (“**UrbanGold**”) for exploration on certain mineral rights comprising certain mining claims on the property located in the Nunavik territory, east of Kuujjuarapik on the east coast of Hudson Bay, Quebec.

Under the agreement, the participating interest is as follows: the Company – 40%, Harfang – 40%, and UrbanGold – 20%. Harfang is the operator, which can charge operator fees of 5% on costs incurred in account for exploration expenditures on the Lac Fagnant Property, as long as its participating interest is equal to or greater than the other participants’ participating interest.

### **Chebistuan Property, Quebec, Canada**

In 2019, the Company staked claims within the Treve Region of Quebec (the “**Chebistuan Property**”). The Chebistuan Project is located 30 km west of the town of Chibougamau, Quebec: the largest town in Nord-du-Quebec, which provides excellent infrastructure and an experienced local workforce for exploration and mining activities.

The Chebistuan Project is an ~120,000 Ha district scale exploration opportunity within the prolific, Abitibi Greenstone Belt. The Chebistuan Property is one of the largest contiguous land packages in the Abitibi that covers a series of crustal scale deformation zones and 140km of highly prospective sedimentary-volcanic rock contacts.

During the six months period ended June 30, 2020, the following transactions occurred:

- a) the Company acquired mineral claims for a total price of \$10,800 from three individuals; and
- b) the Company acquired mineral claims for a total price of \$20,000 from Vanstar Mining Resources Inc.

### **Benoist Property, Quebec, Canada**

During the six months period ended June 30, 2020, the Company staked claims within the Miquelon Region of Quebec.

### **Miniac Property, British Columbia, Canada**

During the six months ended June 30, 2020 the Company staked claims within the Miniac Region of Quebec.

### **Thibert Property, British Columbia, Canada**

In 2019, the Company staked claims within the Thibert Region of British Columbia.

During the six months period ended June 30, 2020, the Company sold the mineral claims to Kingfisher Resources Ltd. (“**Kingfisher**”) in exchange the Company received:

- a) 1,000,000 shares of Kingfisher at \$0.10 per share for a total value of \$100,000; and
- b) additional shares with a value of \$100,000 upon the date of the first anniversary date Kingfisher commences trading on the TSX Venture exchange.

### **Tanacross Property – Alaska, USA**

The project is located 80 kilometers northeast of Tok, Alaska and was acquired by staking and a payment of \$20,000 to an arm’s length vendor (the “**Tanacross Project**”). The Tanacross Project consists of 45,900 Ha of prospective ground in the Yukon-Tanana Terrane, which hosts the Casino porphyry Cu-Mo-Au deposit and the Coffee & Pogo orogenic Au deposits. The property covers exposures of porphyry style mineralization and has significant potential to host large porphyry systems and various other styles of mineralization.

Scientific and technical disclosure for the Tanacross Project is supported by the technical report with an effective date of August 22, 2020, entitled “NI 43-101 Technical Report for the Tanacross Project”, prepared by Cyrill N Orsich, BSc, PGeo.

On August 1, 2018, the Company with its wholly owned subsidiaries, 1118892 and KUSA, signed a farm-out agreement with Freeport-McMoRan Mineral Properties Inc. (“**FMMP**”). Under the agreement FMMP can earn up to an 80% interest in the Tanacross Property by making payments and exploration expenditures as follows:

- a) to acquire an undivided 51% interest, FMMP must:
  - i. pay the Company US\$100,000 (paid) within 60 days of the agreement;
  - ii. pay the Company US\$50,000 (paid) and incur US\$500,000 (incurred) in exploration expenditures by September 30, 2019;
  - iii. pay the Company US\$50,000 and incur a further US\$1,000,000 (incurred) in exploration expenditures by September 30, 2020;
  - iv. pay the Company US\$50,000 and incur a further US\$3,500,000 in exploration expenditures by September 30, 2021.

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Upon FMMP acquiring the 51% interest, a joint venture will be formed. FMMP may, in its sole discretion, accelerate the schedule for making the payment and incurring exploration expenditures.

- b) to acquire an additional undivided 29% interest (for a total undivided interest of 80%), FMMP must, within 60 days following the completion of acquiring the 51% interest, notify the Company that they will fund an aggregate of an additional \$40 million in expenditures on the property within a six year time period.

In accordance with the agreement, KUSA is the operator and is entitled to charge FMMP operator fees of 5% on exploration expenditure contracts that require payment over US\$500,000 and 10% on all other costs incurred in account for exploration expenditures on the Tanacross Property until FMMP acquires the first 51% interest in the property.

During the year ended December 31, 2019, FMMP funded \$5,842,914 in exploration expenditures of which \$5,950,266 was spent on exploration and evaluation assets. The excess funding received at December 31, 2019 of \$81,489 has been allocated to advances received.

During the six months period ended June 30, 2020, FMMP funded \$778,585 in exploration expenditures of which \$804,467 was spent on exploration and evaluation assets.

In June 2020, FMMP gave notice to the Company to terminate the farm-out agreement. Due to the advantage stage of the earn in, the Company and FMMP amended the farm-out agreement for FMMP to receive a 1% net smelter royalty in the property and in exchange the Company will receive a payment of US\$50,260 in November 2020.

#### **Selected Quarterly Information**

All financial information in this MD&A has been prepared in accordance with IFRS. The following financial data is derived from the Financial Statements:

|                                       | For the three months ended<br>June 30, |           | For the six months ended<br>June 30, |           |
|---------------------------------------|----------------------------------------|-----------|--------------------------------------|-----------|
|                                       | 2020                                   | 2019      | 2020                                 | 2019      |
|                                       | \$                                     | \$        | \$                                   | \$        |
| Revenue                               | 109,640                                | 243,411   | 345,437                              | 340,597   |
| Operating and administrative expenses | (327,153)                              | (207,570) | (637,223)                            | (360,104) |
| Other income (expenses)               | 360,052                                | (15,028)  | 242,293                              | 258,306   |
| Net income (loss)                     | 142,539                                | 20,813    | (49,493)                             | 238,799   |
| Earnings (loss) per share (basic)     | 0.01                                   | 0.00      | (0.00)                               | 0.02      |
| Earnings (loss) per share (diluted)   | 0.01                                   | 0.00      | (0.00)                               | 0.02      |

|                                   | As at June 30,<br>2020 | As at June 30,<br>2019 |
|-----------------------------------|------------------------|------------------------|
|                                   | \$                     | \$                     |
| Working capital                   | 1,067,539              | 76,362                 |
| Exploration and evaluation assets | 1,116,936              | 1,019,199              |
| Total assets                      | 4,381,621              | 5,029,440              |
| Total liabilities                 | 1,119,487              | 3,068,242              |

The Company's mineral projects are in the exploration stage and, to date, the Company has generated revenue from operator fees on some of these mineral projects.

As at June 30, 2020, the Company has accumulated losses of \$225,469 (December 31, 2019 - \$175,976) since inception. The Company had a net loss per share (basic and diluted) for the six months ended June 30, 2020 of \$0.00 (June 30, 2019 - \$0.02).

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**Operations**

As an exploration company, the Company has generated revenue from operator fees on some of these mineral projects and has, to date, incurred annual losses from operating and administrative expenses.

For the six months ended June 30, 2020, the Company's revenue increased by \$4,840 to \$345,437 (June 30, 2019 - \$340,597).

The Company's operating and administrative expenses for the six months ended June 30, 2020 totalled \$637,223 (June 30, 2019 - \$360,104), including share-based compensation incurred during the period, valued at \$218,306 (June 30, 2019 - \$56,832) calculated using the Black Scholes option pricing model.

The table below details the changes in major expenditures for the three months ended June 30, 2020 as compared to the corresponding period ended June 30, 2019:

| <b>Expenses</b>          | <b>Increase / Decrease in Expenses</b> | <b>Explanation for Change</b>                                                                                                                   |
|--------------------------|----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| Professional fees        | Increase of \$40,598                   | Increased due to increase in corporate activities.                                                                                              |
| Share-based compensation | Increase of \$108,531                  | Increased due new stock options granted with higher value in the current period and values vested for restricted share units granted in 2019 Q3 |

The table below details the changes in major expenditures for the six months ended June 30, 2020 as compared to the corresponding period ended June 30, 2019:

| <b>Expenses</b>          | <b>Increase / Decrease in Expenses</b> | <b>Explanation for Change</b>                                                                                                                      |
|--------------------------|----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|
| Geologists               | Increase of \$64,018                   | Increased due to increase in geologists' compensation.                                                                                             |
| Professional fees        | Increase of \$77,547                   | Increased due to increase in corporate activities.                                                                                                 |
| Share-based compensation | Increase of \$161,474                  | Increased due to new stock options granted with higher value in the current period and values vested for restricted share units granted in 2019 Q3 |

**Liquidity and Capital Resources**

The Company's liquidity and capital resources are as follows:

|                                           | <b>June 30, 2020</b> | <b>December 31, 2019</b> |
|-------------------------------------------|----------------------|--------------------------|
|                                           | \$                   | \$                       |
| Cash                                      | 1,478,039            | 659,469                  |
| Receivables                               | 637,184              | 390,165                  |
| Prepaid expenses                          | 30,830               | 17,380                   |
| Total current assets                      | 2,146,053            | 1,067,014                |
| Accounts payables and accrued liabilities | 482,438              | 215,542                  |
| Advances received                         | 513,052              | 588,015                  |
| Current portion of lease liability        | 13,521               | 19,127                   |
| RSU liability                             | 69,503               | 23,837                   |
| Working capital                           | 1,067,539            | 220,493                  |

During the six months ended June 30, 2020, the Company closed two non-brokered private placements and issued an aggregate of 2,039,000 common shares at a price of \$0.50 per share for aggregate gross proceeds of \$1,019,500. The Company had working capital of \$1,067,539 as at June 30, 2020 (December 31, 2019 - \$220,493).

As at June 30, 2020, the Company has accumulated net losses of \$225,469 since inception and has working capital of \$1,067,539. The Company's ability to continue as a going concern is dependent upon successful results from its exploration evaluation and development activities and its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations.



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The Company will require additional financing for the upcoming fiscal year in order to maintain its operations and exploration activities. The Company's ability to arrange financing in the future will depend, in part, upon the prevailing capital market conditions as well as its business performance. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to it or at all. If the Company raises additional financing through the issuance of shares from its treasury, control of the Company may change and existing shareholders will suffer additional dilution. Management estimates its current working capital will be sufficient to fund its current level of activities for the next twelve months.

### **Risks and Uncertainties**

The business and operations of Kenorland are subject to numerous risks, many of which are beyond Kenorland's control. Kenorland considers the risks set out below to be some of the most significant to potential investors in the Company, but not all of the risks associated with an investment in securities of the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which Kenorland is currently unaware or which it considers to be material in relation to Kenorland's business actually occur, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of Kenorland's securities could decline and investors may lose all or part of their investment.

- (a) 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 has also disrupted the normal operations of many businesses, including the Company's. This outbreak could decrease spending, adversely affect and harm our business and results of operations. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.
- (b) Kenorland has limited financial resources and limited operating revenues. To earn and/or maintain its interest in its mineral properties, the Company has contractually agreed or is required to make certain payments and expenditures for and on such properties. Kenorland's ability to continue as a going concern is dependent upon, among other things, Kenorland establishing commercial quantities of mineral reserves on its properties and obtaining the necessary financing and permits to develop and profitably produce such minerals or, alternatively, disposing of its interests on a profitable basis, none of which is assured.
- (c) Kenorland has only generated losses to date and will require additional funds to further explore its properties. The only sources of funds for exploration programs, or if such exploration programs are successful for the development of economic ore bodies and commencement of commercial production thereon, presently available to Kenorland are the sale of equity capital or farming out its mineral properties to third party for further exploration or development. Kenorland's ability to arrange financing in the future will depend, in part, upon the prevailing capital market conditions as well as its business performance. There is no assurance such additional funding will be available to Kenorland when needed on commercially reasonable terms or at all. Additional equity financing may also result in substantial dilution thereby reducing the marketability of Kenorland's shares. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and the possible, partial or total loss of the Company's interest in its properties.
- (d) Mineral exploration is subject to a high degree of risk, which even a combination of experience, knowledge and careful evaluation may fail to overcome. These risks may be even greater in Kenorland's case given its formative stage of development and the fact that the Chicobi, Frotet, Lac Fagnant, Chebistuan, and Tanacross Properties are still in their exploration stage. Furthermore, exploration activities are expensive and seldom result in the discovery of a commercially viable resource. There are no known resources or reserves on the Chicobi, Frotet, Lac Fagnant, Chebistuan, or Tanacross Properties and the Company's proposed exploration programs are exploratory searches for commercial quantities of ore. There is no assurance that Kenorland's exploration will result in the discovery of an economically viable mineral deposit.

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- (e) Kenorland activities are subject to the risks normally encountered in the mining exploration business. The economics of exploring, developing and operating resource properties are affected by many factors including the cost of exploration and development operations, variations of the grade of any ore mined and the rate of resource extraction and fluctuations in the price of resources produced, government regulations relating to royalties, taxes and environmental protection and title defects.
- (f) The Company's mineral properties may be subject to prior unregistered agreements, interests or land claims and title may be affected by undetected defects. In addition, the Company's exploration activities will require certain licenses and permits from various governmental authorities. There is no assurance that Kenorland will be successful in obtaining the necessary licenses and permits on a timely basis or at all to undertake its exploration activities in the future or, if granted, that the licenses and permits will be on the basis applied or remain in force as granted.
- (g) The mining industry is capital intensive and subject to fluctuations in metal prices, market sentiment, foreign exchange and interest rates. It is also highly competitive in all its phases and Kenorland will be competing with other mining companies, many with greater financial, technical and human resources, in the search for, and the acquisition of, mineral resource properties and in the marketing of minerals.
- (h) Certain of Kenorland's directors and officers also serve as directors or officers of other public and private resource companies, and to the extent that such other companies may participate in ventures in which Kenorland may participate, such directors and officers of Kenorland may have a conflict of interest.
- (i) Kenorland has not declared or paid any dividends on its common shares and does not expect to do so in the foreseeable future. Future earnings, if any, will likely be retained to finance growth. Any return on investment in Kenorland's shares will come from the appreciation, if any, in the value thereof. The payment of any future dividends will depend upon the Company's earnings, if any, its then-existing financial requirements and other factors, and will be at the discretion of the Company's Board.
- (j) Kenorland must comply with environmental laws and regulations governing air and water quality and land disturbance and provide for reclamation and closure costs in addition to securing the necessary permits to advance exploration activities at its mineral properties. Environmental legislation is evolving in a manner that 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. Compliance with environmental laws and regulations may require significant capital outlays on behalf of the Company and may cause material changes or delays in the Company's intended activities. Furthermore, environmental hazards may exist on the Company's properties that are unknown to the Company at the present and that have been caused by the Company or by previous owners or operators of the properties, or that may have occurred naturally. The Company may be liable for remediating such damages. Failure to comply with applicable environmental 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. Future production, if any, at the Company's properties will involve the use of hazardous materials. Should these materials leak or otherwise be discharged from their containment systems, the Company may become subject to liability. In addition, neighboring landowners and other third parties could file claims based on environmental statutes and common law for personal injury and property damage allegedly caused by permitting and/or exploration activities including the release of hazardous substances or other waste material into the environment on or around the Company's properties. There can be no assurance that the Company's defense of such claims will be successful and a successful claim against the Company could have a material adverse effect on its business prospects, financial condition and results of operations. In addition, Kenorland may become subject to liability for hazards against which it is not insured.

Readers are cautioned that the foregoing list of risks, uncertainties and other factors is not exhaustive.

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**Related Party Transactions and Balances**

During the six months ended June 30, 2020, the Company entered into the following transactions with related parties, not disclosed elsewhere in the Financial Statements:

- i. Paid salaries to Zach Flood, President, CEO, and director of the Company, of \$53,184 (June 30, 2019 - \$36,785) of which \$30,320 (June 30, 2019 - \$18,334) was included in geologists expense, \$12,758 (June 30, 2019 - \$16,377) was included in salaries and benefits and \$10,107 (June 30, 2019 - \$2,075) was capitalized to exploration and evaluation assets.
- ii. Paid salaries to Francis MacDonald, Executive VP of Exploration of the Company, and incurred consulting fees to a company controlled by Francis MacDonald of \$60,334 (June 30, 2019 - \$58,235) of which \$30,320 (June 30, 2019 - \$18,334) was included in geologists expense, \$12,758 (June 30, 2019 - \$16,377) was included in salaries and benefits, \$10,107 (June 30, 2019 - \$2,075) was capitalized to exploration and evaluation assets, and \$7,150 (June 30, 2019 - \$21,450) was included in consulting fees. As at June 30, 2020, \$2,284 (December 31, 2019 - \$25,993) was included in accounts payable and accrued liabilities owing to Francis MacDonald.
- iii. Paid salaries to Scott Smits, Chief Geologist of the Company, of \$53,184 (June 30, 2019 - \$36,785) of which \$30,320 (June 30, 2019 - \$18,334) was included in geologists expense, \$12,758 (June 30, 2019 - \$16,377) was included in salaries and benefits and \$10,107 (June 30, 2019 - \$2,075) was capitalized to exploration and evaluation assets.
- iv. Paid salaries to Dave Stevenson, Chief Geophysicist of the Company, of \$53,184 (June 30, 2019 - \$36,785) of which \$30,320 (June 30, 2019 - \$18,334) was included in geologists expense, \$12,758 (June 30, 2019 - \$16,377) was included in salaries and benefits and \$10,107 (June 30, 2019 - \$2,075) was capitalized to exploration and evaluation assets.
- v. Received rent recoveries of \$7,500 (June 30, 2019 - \$Nil) from Northway, a company related by way of common directors and officers.

Key management personnel are the persons responsible for the planning, directing, and controlling of the activities of the Company and include both executives and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

Summary of key management personnel compensation (includes officers and directors of the Company):

|                                   | <b>For the six months ended June 30,</b> |                |
|-----------------------------------|------------------------------------------|----------------|
|                                   | <b>2020</b>                              | <b>2019</b>    |
|                                   | <b>\$</b>                                | <b>\$</b>      |
| Exploration and evaluation assets | 40,426                                   | 8,300          |
| Geologists                        | 121,278                                  | 73,334         |
| Salaries and benefits             | 51,033                                   | 65,507         |
| Stock-based compensation          | 176,937                                  | 42,450         |
|                                   | <b>389,674</b>                           | <b>189,591</b> |

**Off- Balance Sheet Arrangements**

The Company has not entered into any off-balance sheet arrangements.

**Changes in Accounting Policies**

Government Assistance

The Company received certain government assistance in the form of forgivable loans from the Canadian government in connection with the COVID-19 pandemic. When there is reasonable assurance that the amounts will be forgiven, the Company reduces the loan and credits the forgiven amounts to the related expenses. The Company includes government assistance that has not been forgiven or is repayable in accounts payable and accrued liabilities.

### **Critical Accounting Estimates**

The preparation of the Financial Statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the Financial Statements, and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from management's best estimates as additional information becomes available.

### **Financial Instruments and Other Instruments**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Unobservable inputs that are supported by little or no market activity, therefore requiring an entity to develop its own assumptions about the assumption that market participants would use in pricing.

The fair value of the Company's receivables, accounts payable and accrued liabilities, advances received, and due to related party approximates their carrying values. The Company's investments in warrants are measured at fair value using Level 3 inputs while investments in private company common shares are measured at fair value using Level 2 inputs. The carrying value of the Company's lease liability is measured at the present value of the discounted future cash flows.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

*a) Currency risk*

Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company's operations are carried out in Canada and the United States. As at June 30, 2020, the Company had current assets totaling US\$5,153 and current liabilities totalling US\$Nil. These factors expose the Company to foreign currency exchange rate risk, which could have an adverse effect on the profitability of the Company. A 1% change in the exchange rate would change other comprehensive income/loss by approximately \$70. At this time, the Company currently does not have plans to enter into foreign currency future contracts to mitigate this risk, however it may do so in the future.

*b) Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Company's cash is held in a large Canadian financial institution. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk. The Company's sales tax receivable is due from the Government of Canada and Revenue Quebec therefore, the credit risk exposure is low.

The maximum exposure to credit risk as at June 30, 2020 is the carrying value of the trade accounts receivable. The Company has not provided for an expected credit loss as management believes the funds are fully collectible.

*c) Interest rate risk*

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks or credit unions.

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d) *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet liabilities when they become due. As at June 30, 2020, the Company had a cash balance of \$1,478,039 to settle current liabilities of \$1,078,514.

e) *Commodity price risk*

The ability of the Company to explore and develop its exploration and evaluation assets and the future profitability of the Company are directly related to the price of gold. The Company monitors metals prices to determine the appropriate course of action to be taken.

f) *Market price risk*

Market price risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its holdings of financial instruments.

**Disclosure of Data for Outstanding Common Shares, Stock Options, and Restricted Share Units**

The following table summarizes the outstanding common shares, stock options, and restricted share units of the Company:

|                        | <b>As at June 30, 2020</b> | <b>Date of this MD&amp;A</b> |
|------------------------|----------------------------|------------------------------|
| Common shares          | 15,209,001                 | 15,209,001                   |
| Stock options          | 3,400,000                  | 3,400,000                    |
| Restricted share units | 550,000                    | 550,000                      |

Details of the outstanding stock options as at the date of this MD&A:

| <b>Number of options<br/>outstanding</b> | <b>Number of options<br/>exercisable</b> | <b>Exercise price<br/>\$</b> | <b>Expiry date</b> |
|------------------------------------------|------------------------------------------|------------------------------|--------------------|
| 600,000                                  | 600,000                                  | 0.15                         | October 19, 2023   |
| 100,000                                  | 100,000                                  | 0.15                         | October 2, 2024    |
| 400,000                                  | 266,665                                  | 0.30                         | December 1, 2024   |
| 400,000                                  | 266,665                                  | 0.30                         | July 1, 2025       |
| 100,000                                  | 33,333                                   | 0.50                         | September 15, 2024 |
| 150,000                                  | 50,000                                   | 0.50                         | September 27, 2024 |
| 1,650,000                                | -                                        | 0.50                         | March 2, 2025      |
| <b>3,400,000</b>                         | <b>1,316,663</b>                         |                              |                    |

Details of the outstanding RSU as at the date of this MD&A:

| <b>Number of RSUs</b> | <b>Fair value at time of<br/>grant<br/>\$</b> |
|-----------------------|-----------------------------------------------|
| 550,000               | 0.50                                          |

**Forward Looking Statements**

Certain sections of this MD&A contain forward-looking statements and forward looking information.

All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements or forward-looking information, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words.

Forward-looking statements and forward-looking information contained or incorporated by reference in this MD&A may relate to the Company's future financial condition, results of operations, plans, objectives, performance or business developments including, among other things, potential property acquisitions, exploration and work programs, drilling plans and timing of drilling, the performance characteristics of the Company's exploration and evaluation assets, exploration results of various projects of the Company, projections of market prices and costs, supply and

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demand for gold, copper and other base metals, expectations regarding the ability to raise capital and to acquire resources and/or reserves through acquisitions and/or development, treatment under governmental regulatory regimes and tax laws, and capital expenditure programs and the timing and method of financing thereof. Forward-looking statements and forward looking-information are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company as of the date of such statements and information, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The estimates and assumptions of the Company contained or incorporated by reference in this MD&A, which may prove to be incorrect, include, but are not limited to: (1) there being no significant disruptions affecting operations, whether due to labour disruptions, supply disruptions, power disruptions, damage to equipment, adverse weather conditions or otherwise; (2) permitting, access, exploration, expansion and acquisitions at our projects (including, without limitation, land acquisitions for and permitting of exploration plans) being consistent with the Company's current expectations; (3) the viability, permitting, access, exploration and, if warranted, development of the Chicobi, Frotet, Lac Fagnant, Chebistuan, Beniost, Miniac, and Tanacross Properties being consistent with the Company's current expectations; (4) political developments in the United States and the State of Arizona including, without limitation, the implementation of new mining laws and related regulations being consistent with the Company's current expectations; (5) the exchange rate between the Canadian dollar and the U.S. dollar being approximately consistent with current levels; (6) certain price assumptions for gold, copper and other base metals; (7) prices for and availability of equipment, labor, natural gas, fuel oil, electricity, water and other key supplies remaining consistent with current levels; (8) the results of the Company's exploration programs on the Chicobi, Frotet, Lac Fagnant, Chebistuan, Beniost, Miniac, and Tanacross Properties being consistent with the Company's expectations; (9) labour and materials costs increasing on a basis consistent with the Company's current expectations; and (10) the availability and timing of additional financing being consistent with the Company's current expectations. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements and forward-looking information. Such factors include, but are not limited to: the timing and availability of additional capital, fluctuations in the currency markets; fluctuations in the spot and forward price of gold, copper, or other commodities (such as diesel fuel and electricity); changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Canada, the United States, or other countries in which the Company may carry on business in the future; business opportunities that may be presented to, or pursued by, us; our ability to successfully integrate acquisitions; operating or technical difficulties in connection with exploration activities; employee relations; the speculative nature of gold and copper exploration and development, including the risks of obtaining necessary licenses and permits; competition for, among other things, capital, acquisitions of resources and/or reserves, undeveloped lands and skilled personnel, incorrect assessments of the value of acquisitions, geological, technical, drilling and processing problems, fluctuations in foreign exchange or interest rates and stock market volatility, changes in income tax laws or changes in tax laws and incentive programs relating to the mineral resource industry; and contests over title to properties, particularly title to undeveloped properties. In addition, there are risks and hazards associated with the business of mineral exploration, development and mining, including environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins, flooding and gold and/or copper bullion losses (and the risk of inadequate insurance, or the inability to obtain insurance, to cover these risks). Many of these uncertainties and contingencies can affect the Company's actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements or forward-looking information made by, or on behalf of, the Company. There can be no assurance that forward-looking statements and forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements and information. Forward-looking statements and forward-looking information are provided for the purpose of providing information about management's expectations and plans relating to the future. All of the forward-looking statements and forward-looking information made in this MD&A are qualified by these cautionary statements and those made in our other filings with applicable securities regulators in Canada including, but not limited to, the Financial Statements. These factors are not intended to represent a complete list of the factors that could affect the Company and readers should not place undue reliance on forward-looking statements or forward-looking information in this MD&A. The Company disclaims any intention or obligation to update or revise any forward-looking statements and forward-looking information, whether as a result of new information, future events or otherwise, or to explain any material difference between subsequent actual events and such forward-looking statements and forward-looking information, except to the extent required by applicable law.

The forward looking statements and forward-looking information contained herein are based on information available as of October 30, 2020.

This MD&A has been approved by the Board on October 30, 2020.

**SCHEDULE “K”**

**AUDITED FINANCIAL STATEMENTS OF NORTHWAY FOR THE FINANCIAL YEARS ENDED  
MARCH 31, 2020 AND 2019**

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**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2020**

**(EXPRESSED IN CANADIAN DOLLARS)**



# **NORTHWAY RESOURCES CORP.**

For the year ended March 31, 2020

(Expressed in Canadian Dollars)

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## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of  
Northway Resources Corp.

### ***Opinion***

We have audited the accompanying consolidated financial statements of Northway Resources Corp. (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2020 and 2019, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the year ended March 31, 2020 and the period from inception on May 29, 2018 to March 31, 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2020 and 2019, and its financial performance and its cash flows for the year ended March 31, 2020 and the period from inception on May 29, 2018 to March 31, 2019 in accordance with International Financial Reporting Standards ("IFRS").

### ***Basis for Opinion***

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

### ***Other Information***

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



### ***Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is David Harris.

**“DAVIDSON & COMPANY LLP”**

Vancouver, Canada

Chartered Professional Accountants

July 29, 2020

**NORTHWAY RESOURCES CORP.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian Dollars)

|                                                          | March 31, 2020   | March 31, 2019   |
|----------------------------------------------------------|------------------|------------------|
|                                                          | \$               | \$               |
| <b>ASSETS</b>                                            |                  |                  |
| <b>Current</b>                                           |                  |                  |
| Cash                                                     | 1,449,124        | 327,993          |
| Receivables                                              | 25,176           | 5,048            |
| Prepaid expenses                                         | 14,573           | -                |
|                                                          | <u>1,488,873</u> | <u>333,041</u>   |
| <b>Exploration and evaluation assets</b> (Notes 3 and 6) | <u>1,068,859</u> | <u>330,040</u>   |
| <b>TOTAL ASSETS</b>                                      | <u>2,557,732</u> | <u>663,081</u>   |
| <b>LIABILITIES</b>                                       |                  |                  |
| <b>Current</b>                                           |                  |                  |
| Accounts payable and accrued liabilities (Notes 4 and 6) | 76,286           | 78,165           |
| Due to related parties (Note 6)                          | -                | 10,000           |
|                                                          | <u>76,286</u>    | <u>88,165</u>    |
| <b>SHAREHOLDERS' EQUITY</b>                              |                  |                  |
| Share capital (Note 5)                                   | 2,678,566        | 604,001          |
| Reserves (Note 5)                                        | 386,513          | 196,000          |
| Deficit                                                  | <u>(583,633)</u> | <u>(225,085)</u> |
|                                                          | <u>2,481,446</u> | <u>574,916</u>   |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>        | <u>2,557,732</u> | <u>663,081</u>   |

Nature of Operations (Note 1)  
Subsequent Events (Note 11)

Approved and authorized by the Board on July 29, 2020

**On behalf of the Board of Directors:**

\_\_\_\_\_  
"Jay Sujir" Director

\_\_\_\_\_  
"Jessica Van Den Akker" Director

The accompanying notes are an integral part of these consolidated financial statements.

**NORTHWAY RESOURCES CORP.**  
**CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
(Expressed in Canadian Dollars)

|                                                                 | <b>For the year ended<br/>March 31, 2020</b> | <b>For the period<br/>from inception on<br/>May 29, 2018 to<br/>March 31, 2019</b> |
|-----------------------------------------------------------------|----------------------------------------------|------------------------------------------------------------------------------------|
|                                                                 | \$                                           | \$                                                                                 |
| <b>Expenses</b>                                                 |                                              |                                                                                    |
| Advertising and marketing                                       | 17,601                                       | -                                                                                  |
| Consulting fees                                                 | 16,486                                       | -                                                                                  |
| Foreign exchange loss (gain)                                    | (14,738)                                     | 103                                                                                |
| Insurance expense                                               | 15,492                                       | -                                                                                  |
| Management fees (Note 6)                                        | 69,333                                       | -                                                                                  |
| Office and general                                              | 12,270                                       | 469                                                                                |
| Professional fees (Note 6)                                      | 110,842                                      | 28,513                                                                             |
| Property investigation costs                                    | 2,000                                        | -                                                                                  |
| Rent (Note 6)                                                   | 7,600                                        | -                                                                                  |
| Share-based compensation (Notes 5 and 6)                        | 108,728                                      | 196,000                                                                            |
| Transfer and filing fees                                        | 13,831                                       | -                                                                                  |
| Travel and related                                              | 10,167                                       | -                                                                                  |
|                                                                 | (369,612)                                    | (225,085)                                                                          |
| Interest income                                                 | 330                                          | -                                                                                  |
| <b>Loss and comprehensive loss for the period</b>               | (369,282)                                    | (225,085)                                                                          |
| <b>Basic and diluted loss per share</b>                         | (0.01)                                       | (0.04)                                                                             |
| <b>Weighted average number of common shares<br/>outstanding</b> | 31,312,477                                   | 5,840,491                                                                          |

The accompanying notes are an integral part of these consolidated financial statements.

**NORTHWAY RESOURCES CORP.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
(Expressed in Canadian Dollars)

|                                                     | Number of<br>Shares Issued | Share Capital<br>\$ | Reserves<br>\$ | Accumulated<br>Deficit<br>\$ | Total<br>Shareholders'<br>Equity<br>\$ |
|-----------------------------------------------------|----------------------------|---------------------|----------------|------------------------------|----------------------------------------|
| <b>Balance at May 29, 2018</b>                      | -                          | -                   | -              | -                            | -                                      |
| Issuance of incorporation shares                    | 101                        | 1                   | -              | -                            | 1                                      |
| Repurchase and cancellation of incorporation share  | (1)                        | -                   | -              | -                            | -                                      |
| Share-based compensation                            | -                          | -                   | 196,000        | -                            | 196,000                                |
| Share issued in private placement                   | 11,000,000                 | 354,000             | -              | -                            | 354,000                                |
| Share issued for debts settlement                   | 5,000,000                  | 250,000             | -              | -                            | 250,000                                |
| Loss for the period                                 | -                          | -                   | -              | (225,085)                    | (225,085)                              |
| <b>Balance at March 31, 2019</b>                    | <b>16,000,100</b>          | <b>604,001</b>      | <b>196,000</b> | <b>(225,085)</b>             | <b>574,916</b>                         |
| Shares issued for cash                              | 25,386,000                 | 2,538,600           | -              | -                            | 2,538,600                              |
| Share issuance costs                                | -                          | (464,034)           | 92,519         | -                            | (371,515)                              |
| Stock options granted                               | -                          | -                   | 108,728        | -                            | 108,728                                |
| Stock options expired                               | -                          | -                   | (10,734)       | 10,734                       | -                                      |
| Repurchase and cancellation of incorporation shares | (100)                      | (1)                 | -              | -                            | (1)                                    |
| Loss for the year                                   | -                          | -                   | -              | (369,282)                    | (369,282)                              |
| <b>Balance at March 31, 2020</b>                    | <b>41,386,000</b>          | <b>2,678,566</b>    | <b>386,513</b> | <b>(583,633)</b>             | <b>2,481,446</b>                       |

The accompanying notes are an integral part of these consolidated financial statements.

**NORTHWAY RESOURCES CORP.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian Dollars)

|                                                                                                | For the year ended<br>March 31, 2020 | For the period<br>from inception on<br>May 29, 2018 to<br>March 31, 2019 |
|------------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------------------------------------------|
|                                                                                                | \$                                   | \$                                                                       |
| <b>Cash flows used in operating activities</b>                                                 |                                      |                                                                          |
| Loss for the period                                                                            | (369,282)                            | (225,085)                                                                |
| Item not involving cash                                                                        |                                      |                                                                          |
| Share-based compensation                                                                       | 108,728                              | 196,000                                                                  |
| Changes in non-cash working capital items                                                      |                                      |                                                                          |
| Receivables                                                                                    | (20,128)                             | (5,048)                                                                  |
| Prepaid expenses                                                                               | (14,573)                             | -                                                                        |
| Accounts payable and accrued liabilities                                                       | 18,581                               | 28,492                                                                   |
|                                                                                                | <u>(276,674)</u>                     | <u>(5,641)</u>                                                           |
| <b>Cash flows used in investing activities</b>                                                 |                                      |                                                                          |
| Exploration and evaluation assets expenditures                                                 | <u>(780,829)</u>                     | <u>(180,367)</u>                                                         |
| <b>Cash flows from financing activities</b>                                                    |                                      |                                                                          |
| Proceeds for shares repurchased                                                                | (1)                                  | -                                                                        |
| Proceeds for shares issued                                                                     | 2,538,600                            | 354,001                                                                  |
| Share issuance costs                                                                           | (349,965)                            | -                                                                        |
| Advances from related parties                                                                  | -                                    | 185,000                                                                  |
| Repayment to related parties                                                                   | (10,000)                             | (25,000)                                                                 |
|                                                                                                | <u>2,178,634</u>                     | <u>514,001</u>                                                           |
| <b>Net change in cash</b>                                                                      | 1,121,131                            | 327,993                                                                  |
| <b>Cash, beginning of period</b>                                                               | <u>327,993</u>                       | <u>-</u>                                                                 |
| <b>Cash, end of period</b>                                                                     | 1,449,124                            | 327,993                                                                  |
| <b>Non-cash transactions</b>                                                                   |                                      |                                                                          |
| Exploration and evaluation assets in accounts payable and accrued liabilities                  | 7,663                                | 49,673                                                                   |
| Shares issued for debt settlement on advances from related parties                             | -                                    | 150,000                                                                  |
| Shares issued for settlement of accounts payable relating to exploration and evaluation assets | -                                    | 100,000                                                                  |
| Warrants issued for share issuance costs                                                       | 92,519                               | -                                                                        |
| Share issuance costs in accounts payable and accrued liabilities                               | 21,550                               | -                                                                        |

The accompanying notes are an integral part of these consolidated financial statements.



**NORTHWAY RESOURCES CORP.**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2020  
(Expressed in Canadian Dollars)

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**NOTE 1 - NATURE OF OPERATIONS**

**Nature of operations**

Northway Resources Corp. (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on May 29, 2018. The Company is principally engaged in the acquisition and exploration of mineral properties. On August 22, 2019, the Company completed its Initial Public Offering (“IPO”) and is listed for trading on the TSX Venture Exchange (“TSX-V”) under the symbol “NTW.V”.

The head office of the Company is located at 310 – 119 West Pender Street, Vancouver B.C., V6B 1S5 and the registered and records office of the Company is located at 2080 – 777 Hornby Street, Vancouver B.C., V6Z 1S4.

The Company has not yet determined whether its exploration and evaluation assets contain mineral reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production. To date, the Company has not earned any revenues and is considered to be in the exploration stage.

**Going concern**

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company has not generated revenues from its operations to date. As at March 31, 2020, the Company has accumulated net losses of \$583,633 since inception and has working capital of \$1,412,587. The operations of the Company have primarily been funded by the issuance of common shares. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. Management estimates its current working capital will be sufficient to fund its current level of activities for the next twelve months.

If the going concern assumption was not appropriate for these consolidated financial statements, then adjustments may be necessary to the carrying values of assets and liabilities, the reported expenses and the statement of financial position classifications used. Such adjustments could be material.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, has adversely affected workforces, customers, economies, and financial markets globally, leading to an economic downturn. It has also disrupted the normal operations of many businesses, including ours. This outbreak could decrease spending, adversely affect and harm our business and results of operations. It is not possible for us to predict the duration or magnitude of the adverse results of the outbreak and its effects on our business or results of operations at this time.

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION**

**Statement of compliance**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”).

These consolidated financial statements of the Company were approved and authorized for issue by the Board of Directors on July 29, 2020.

**NORTHWAY RESOURCES CORP.**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2020  
(Expressed in Canadian Dollars)

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**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)**

**Statement of compliance (continued)**

The accounting policies applied in preparation of these consolidated financial statements are consistent with those applied and disclosed in the Company's financial statements for the period ended March 31, 2019 except for the following:

Leases

On April 1, 2019, the Company adopted IFRS 16 – Leases ("IFRS 16") which replaced IAS 17 – Leases and IFRIC 4 – Determining Whether an Arrangement Contains a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard is effective for annual periods beginning on or after January 1, 2019. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to finance leases applied in IAS 17. IFRS 16 does not require a lessee to recognize assets and liabilities for short-term leases (i.e. leases of 12 months or less) and leases of low-value assets.

The Company analyzed its contracts to identify whether they contain a lease agreement for the application of IFRS 16. No such contracts were identified, and as a result, the adoption of IFRS 16 resulted in no impact to the opening retained earnings on April 1, 2019.

**Basis of presentation**

These consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, except for financial instruments measured at fair value. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

**Basis of consolidation**

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, 1223437 B.C. Ltd., Northway Resources Alaska Corporation, 1223615 B.C. Ltd., and Northway Napoleon Corporation. All significant intercompany accounts and transactions between the Company and its subsidiaries have been eliminated upon consolidation.

**Use of estimates and judgments**

The preparation of these consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from management's best estimates as additional information becomes available.

Significant areas requiring the use of management estimates and judgments include:

- (i) The determination of the fair value of the shares of the Company for the calculation of the share-based compensation.
- (ii) The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available to identify new business opportunities and working capital requirements, the outcome of which is uncertain.

**NORTHWAY RESOURCES CORP.**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2020  
(Expressed in Canadian Dollars)

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**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)**

**Use of estimates and judgments (continued)**

- (iii) The determination that exploration, evaluation, and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

**Foreign currency translation**

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiaries is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates. Transactions in currencies other than Canadian dollars are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while nonmonetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

**Exploration and evaluation assets**

Pre-exploration costs are expensed as incurred. Costs directly related to the acquisition and exploration of exploration and evaluation assets are capitalized once the legal rights to explore the exploration and evaluation assets are acquired or obtained. When the technical and commercial viability of a mineral resource has been demonstrated and a development decision has been made, the capitalized costs of the related property are first tested for impairment, then transferred to mining assets and depreciated using the units of production method on commencement of commercial production.

If it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable, or the property is abandoned or management has determined an impairment in value, the property is written down to its recoverable amount. Exploration and evaluation assets are reviewed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

**Provision for environmental rehabilitation**

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of tangible long-lived assets in the period when the liability arises. The net present value of future rehabilitation costs is capitalized to the long-lived asset to which it relates with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax risk-free rate that reflects the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision.

The increase in the provision due to the passage of time is recognized as interest expense. The Company has no known restoration, rehabilitation or environmental costs related to its mineral properties.

**NORTHWAY RESOURCES CORP.**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2020  
(Expressed in Canadian Dollars)

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**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)**

**Share-based compensation**

Share-based compensation to employees is measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based compensation to non-employees is measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to reserves. The fair value of options is determined using the Black–Scholes option pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

**Impairment of tangible and intangible assets**

At the end of each reporting period, the Company'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.

**Income taxes**

Income taxes are calculated whereby temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount in the consolidated financial statements are used to calculate deferred income tax liabilities or assets. Deferred income tax liabilities or assets are calculated using the substantively enacted tax rates anticipated to apply in the periods that the temporary differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

**Earnings (loss) per share**

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. Contingently returnable shares are not considered outstanding common shares and consequently are not included in earnings (loss) per share calculations.

**NORTHWAY RESOURCES CORP.**  
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**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)**

**Share capital**

Proceeds from the exercise of stock options and warrants are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company. Share capital issued for non-monetary consideration is valued at the closing market price at the date of issuance. The proceeds from the issuance of units are allocated between common shares and warrants based on the residual value method. Under this method, the proceeds are allocated first to share capital based on the fair value of the common shares at the time the units are priced and any residual value is allocated to warrants reserve. Consideration received for the exercise of warrants is recorded in share capital and the related residual value is transferred to share capital. The values of expired options and warrants are transferred to deficit or share capital, respectively.

**Financial instruments**

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income (“FVOCI”); or (iii) fair value through profit or loss (“FVTPL”). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are classified as FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income/loss.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Receivables are measured at amortized cost with subsequent impairments recognized in profit or loss. Cash is classified as FVTPL.

Impairment

An ‘expected credit loss’ impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset’s original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable and accrued liabilities and due to related parties are classified at amortized cost.

As at March 31, 2020 and 2019, the Company does not have any derivative financial liabilities.

**NORTHWAY RESOURCES CORP.**  
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**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)**

**Warrants issued in equity financing transactions**

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants. Depending on the terms and conditions of each financing agreement, the warrants are exercisable into additional common shares prior to expiry at a price stipulated by the agreement. Warrants that are part of units are assigned value based on the residual value method and included in the share warrant reserve. Warrants that are issued as payment for an agency fee or other transactions costs are accounted for as share issuance costs. When warrants are cancelled or are not exercised at the expiry date, the amount previously recognized is transferred to share capital.

**NOTE 3 - EXPLORATION AND EVALUATION ASSETS**

|                                        | Healy            | Napoleon      | Total            |
|----------------------------------------|------------------|---------------|------------------|
|                                        | \$               | \$            | \$               |
| <b>Balance, May 29, 2018</b>           | -                | -             | -                |
| Property acquisition and staking costs | -                | 41,085        | 41,085           |
| <i>Exploration expenditures:</i>       |                  |               |                  |
| Accommodation and related              | 16,129           | -             | 16,129           |
| Assays                                 | 52,433           | -             | 52,433           |
| Claim maintenance fees                 | 76,021           | -             | 76,021           |
| Consulting                             | 18,946           | -             | 18,946           |
| Data analysis                          | 10,500           | -             | 10,500           |
| Geological                             | 108,400          | -             | 108,400          |
| Supplies and fuel                      | 6,526            | -             | 6,526            |
| <b>Balance, March 31, 2019</b>         | <b>288,955</b>   | <b>41,085</b> | <b>330,040</b>   |
| Property acquisition and staking costs | 7,707            | -             | 7,707            |
| <i>Exploration expenditures:</i>       |                  |               |                  |
| Accommodation and related              | 38,730           | 735           | 39,465           |
| Analytical                             | 49,891           | 1,345         | 51,236           |
| Claim maintenance fees                 | 86,525           | 9,976         | 96,501           |
| Consulting                             | 106,514          | 8,065         | 114,579          |
| Drilling                               | 236,666          | -             | 236,666          |
| Geophysics                             | 10,495           | -             | 10,495           |
| Helicopter                             | 156,327          | -             | 156,327          |
| Legal and permitting                   | 4,366            | -             | 4,366            |
| Travel and related                     | 21,477           | -             | 21,477           |
| <b>Balance, March 31, 2020</b>         | <b>1,007,653</b> | <b>61,206</b> | <b>1,068,859</b> |

**NORTHWAY RESOURCES CORP.**  
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**NOTE 3 - EXPLORATION AND EVALUATION ASSETS (continued)**

**Healy property**

On July 31, 2018, the Company entered into an agreement (later amended in May 2019) with Newmont North America Exploration Limited ("Newmont") to acquire, by way of contribution (the "Contribution"), up to 70% of a property located in Fairbanks Recording District, Alaska (the "Healy Property").

The Company is entitled to acquire a 70% interest in the Healy Property upon incurring aggregate expenditures of US\$4,000,000 on the property during the phase 1 period of the Contribution.

The following is a summary of the Contribution earn-in requirements:

| <b>Period ("Phase 1 Period")</b> | <b>Exploration Requirement<br/>US\$</b> | <b>Aggregate Exploration<br/>Requirement<br/>US\$</b> |
|----------------------------------|-----------------------------------------|-------------------------------------------------------|
| On or before November 30, 2018   | (incurred) 140,000                      | 140,000                                               |
| On or before December 31, 2020   | (incurred) 360,000                      | 500,000                                               |
| On or before December 31, 2021   | 1,500,000                               | 2,000,000                                             |
| On or before December 31, 2022   | 2,000,000                               | 4,000,000                                             |

Pursuant to the agreement, the Company is required to fund US\$140,000 by November 30, 2018 (incurred) and US\$360,000 (incurred) by December 31, 2020, totaling US\$500,000 ("Mandatory Phase 1 Expenditures"). The Company may terminate the Contribution at any time, in its discretion, subject to satisfying any accrued obligations or liabilities including Mandatory Phase 1 Expenditures, as required.

Upon completing the Phase 1 earn-in requirement on the Healy Property, the value of the Company's initial contribution shall be deemed to be US\$4,000,000 (70% interest) and the value of Newmont's initial contribution shall be deemed to be US\$1,715,000 (30% interest). From and after the date on which the Company completes the Phase 1 earn-in requirement on the Healy Property, the Company and Newmont shall fund an adopted program on a pro-rata basis in accordance with their respective participating interests.

**Napoleon property**

The property is located in Fortymile District, Alaska and was acquired by staking with a payment of \$41,085.

In February 2020, the Company acquired a proprietary exploration database from Millrock Exploration Corp. and its affiliate (collectively "Millrock") relating to the Napoleon Project. As consideration, the Company granted to Millrock a 0.5% net smelter returns royalty on the Napoleon property and areas of interest, one-half of which may be acquired by the Company, at any time, for a one-time payment of US\$500,000 and is required to make annual advance royalty payments of US\$1,000.

**NOTE 4 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

|                     | <b>March 31,<br/>2020</b> | <b>March 31,<br/>2019</b> |
|---------------------|---------------------------|---------------------------|
|                     | <b>\$</b>                 | <b>\$</b>                 |
| Accounts payable    | 18,525                    | 52,640                    |
| Accrued liabilities | 57,761                    | 25,525                    |
|                     | <b>76,286</b>             | <b>78,165</b>             |

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**NOTE 5 - SHARE CAPITAL AND RESERVES**

**Authorized share capital**

The Company is authorized to issue an unlimited number of common shares without par value.

**Issued share capital**

In May 2018, the Company issued 101 common shares at a price of \$0.01 per share for gross proceed of \$1 of which 1 share was then repurchased and cancelled. In April 2019, the remaining 100 common shares were repurchased and cancelled by the Company.

In July 2018, the Company issued 4,000,000 common shares at a value of \$0.05 per share. The Company received gross proceed of \$4,000 and recorded \$196,000 as share-based compensation expense for the share issuance.

In September 2018, the Company issued 3,000,000 units at a value of \$150,000 to settle \$150,000 of debt. Each unit consisted of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at a price of \$0.10 per share for five years.

In January 2019, the Company issued 2,000,000 units at a value of \$100,000 to settle \$100,000 of accounts payable. Each unit consisted of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at a price of \$0.10 per share for five years.

In March 2019, the Company completed a non-brokered private placement of 7,000,000 units at a price of \$0.05 per unit for gross proceeds of \$350,000. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to acquire one additional common share of the Company at a price of \$0.10 per share for five years.

In August 2019, the Company completed its IPO of 18,486,000 common shares at a price of \$0.10 per common share for gross proceeds of \$1,848,600 and incurred commission and other expenses totaling \$325,315. The Company issued 1,294,020 finders' warrants to its agent exercisable at a price of \$0.10 per share for a period of 24 months, valued at \$68,178, estimated using the Black-Scholes pricing model with the following assumptions: estimated life of two years, risk free interest rate of 1.33%, volatility of 100% and nil forecasted dividend yield.

In August 2019, the Company completed a private placement of 6,900,000 shares at a price of \$0.10 per share for gross proceeds of \$690,000 and incurred commission of \$46,200. The Company issued 462,000 finders' warrants to its agent exercisable at a price of \$0.10 per share for a period of 24 months, valued at \$24,341, estimated using the Black-Scholes pricing model with the following assumptions: estimated life of two years, risk free interest rate of 1.33%, volatility of 100% and nil forecasted dividend yield.

As at March 31, 2020, the Company has 12,000,000 shares subject to escrow pursuant to the requirements of the TSX-V, which will be released through August 2022.

**Share purchase warrants**

In connection with the debt settlements in September 2018 and January 2019, and the March 2019 private placement, the Company issued 12,000,000 warrants with an exercise price of \$0.10 per warrant.

In connection with the IPO and private placement in August 2019, the Company issued 1,756,020 warrants with an exercise price of \$0.10 per warrant.



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**NOTE 5 - SHARE CAPITAL AND RESERVES (continued)**

**Share purchase warrants (continued)**

Warrant transactions are summarized as follows:

|                                | Number of<br>Warrants | Weighted Average<br>Exercise Price |
|--------------------------------|-----------------------|------------------------------------|
|                                |                       | \$                                 |
| Balance, May 29, 2018          | -                     | -                                  |
| Issued                         | 12,000,000            | 0.10                               |
| Balance, March 31, 2019        | 12,000,000            | 0.10                               |
| Issued                         | 1,756,020             | 0.10                               |
| <b>Balance, March 31, 2020</b> | <b>13,756,020</b>     | <b>0.10</b>                        |

A summary of the warrants outstanding and exercisable at March 31, 2020 is as follows:

| Number of<br>Warrants | Exercise Price | Expiry Date        |
|-----------------------|----------------|--------------------|
|                       | \$             |                    |
| 1,294,020             | 0.10           | August 22, 2021    |
| 462,000               | 0.10           | August 28, 2021    |
| 3,000,000             | 0.10           | September 15, 2023 |
| 2,000,000             | 0.10           | January 25, 2024   |
| 7,000,000             | 0.10           | March 19, 2024     |
| 13,756,020            |                |                    |

**Stock options**

The Company's stock option plan provides for the issuance of stock options to its officers, directors, employees and consultants. Stock options are non-transferable and the aggregate number of shares that may be reserved for issuance pursuant to stock options may not exceed 10% of the issued shares of the Company at the time of granting. The exercise price and vesting terms of stock options is determined by the Board of Directors of the Company at the time of grant. Options may be granted for a maximum term of ten years from the date of the grant, and generally expire within 90 days of termination of employment, consulting arrangement or holding office as a director or officer of the Company, are subject to provisions as determined by the Board of Directors (the "Board") and, in the case of death, expire within one year thereafter. Upon death, the options may be exercised by legal representation or designated beneficiaries of the holder of the option.

In August 2019, the Company granted 2,000,000 stock options to its directors, officers and consultants with an exercise price of \$0.10 for a period of five years vest 25% immediately, and 25% every six months thereafter, with a fair value of \$148,819, estimated using the Black-Scholes pricing model with the following assumptions: estimated life of five years, risk free interest rate of 1.17%, volatility of 100% and nil forecasted dividend yield. During the year ended March 31, 2020, the Company expensed a total of \$108,728 (2019 - \$nil) as share-based compensation for values of stock options vested. In addition, 250,000 stock options expired unexercised, as a result, \$10,734 was reclassified from reserves to deficit.

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**NOTE 5 - SHARE CAPITAL AND RESERVES (continued)**

**Stock options (continued)**

Stock options transactions are summarized as follows:

|                                          | Number of Options | Weighted Average<br>Exercise Price |
|------------------------------------------|-------------------|------------------------------------|
|                                          |                   | \$                                 |
| Balance, May 28, 2018 and March 31, 2019 | -                 | -                                  |
| Granted                                  | 2,000,000         | 0.10                               |
| Expired                                  | (250,000)         | 0.10                               |
| <b>Balance, March 31, 2020</b>           | <b>1,750,000</b>  | <b>0.10</b>                        |

A summary of the stock options outstanding and exercisable at March 31, 2020 is as follows:

| Number<br>Outstanding | Number<br>Exercisable | Exercise Price | Expiry Date     |
|-----------------------|-----------------------|----------------|-----------------|
|                       |                       | \$             |                 |
| 1,750,000             | 875,000               | 0.10           | August 22, 2024 |

**NOTE 6 - RELATED PARTY TRANSACTIONS AND BALANCES**

During the year ended March 31, 2020, the Company entered into the following transaction with related parties, not disclosed elsewhere in these consolidated financial statements:

- Incurred exploration expenditures of \$427,047 (2019 - \$100,952) and rent of \$7,600 (2019 - \$nil) and recorded share-based compensation of \$nil (2019 - \$196,000) to a company related by a common director and officer. The exploration expenditure amount also includes a 10% fee on the exploration costs incurred on behalf of the Company.
- As at March 31, 2020, \$nil (2019 - \$45,066) was included in accounts payable and accrued liabilities owing to an officer and director and companies controlled by an officer and related by a common officer and director in relation to management fees and reimbursement of expenses.
- As at March 31, 2020, \$1,365 (2019 - \$nil) was included in prepaid expenses paid to a company controlled by an officer and director in relation to rent.
- During the period ended March 31, 2019, the Company received non-interest bearing advances totaling \$175,000 from a director and a former director. These debts were then settled by the issuance of 3,000,000 units at a value of \$150,000 and cash repayment of \$25,000.
- During the period ended March 31, 2019, the Company issued 2,000,000 units at a value of \$100,000 to settle \$100,000 of accounts payable to a company related by a common director of the Company.
- As at March 31, 2019, the Company owed \$10,000 to two directors of the Company for overpayment of share subscriptions. The balance were repaid during the year ended March 31, 2020.

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**NOTE 6 - RELATED PARTY TRANSACTIONS AND BALANCES (continued)**

Summary of key management personnel compensation:

Key management personnel includes those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Board and corporate officers, including the Company's Chief Executive Officer and Chief Financial Officer.

|                          | For the year ended<br>March 31, 2020 | For the period from<br>inception on May 29,<br>2018 to March 31,<br>2019 |
|--------------------------|--------------------------------------|--------------------------------------------------------------------------|
|                          | \$                                   | \$                                                                       |
| Management fees          | 69,333                               | -                                                                        |
| Professional fees        | 262                                  | -                                                                        |
| Share-based compensation | 81,195                               | -                                                                        |
|                          | <b>150,790</b>                       | <b>-</b>                                                                 |

**NOTE 7 - FINANCIAL RISK AND CAPITAL MANAGEMENT**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's receivables, accounts payable and accrued liabilities, and due to related parties approximate their carrying values. The Company's other financial instrument, being cash, is measured at fair value using Level 1 inputs.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash is held in major Canadian financial institutions and its receivables are due from the Government of Canada. As such, the Company determined that it is not exposed to significant credit risk.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet liabilities when they become due. As at March 31, 2020, the Company has sufficient cash to settle its current liabilities. The Company will require additional funding to meet its long-term exploration obligations.

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return. The Company is not exposed to market risk.

**NORTHWAY RESOURCES CORP.**  
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**NOTE 7 - FINANCIAL RISK AND CAPITAL MANAGEMENT (continued)**

d) Currency risk

The Company conducts exploration and evaluation activities in the United States. As such, it is subject to risk due to fluctuations in the exchange rates of the Canadian and US dollars. As at March 31, 2020, the Company had a monetary net asset of US\$521,629. A 10% fluctuation in the exchange rate of the United States dollar against the Canadian dollar would affect the Company's cash and account payable by approximately \$52,200.

e) Commodity price risk

The ability of the Company to raise funds to explore and develop its exploration and evaluation assets and the future profitability of the Company are directly related to the price of gold and other precious metals. The Company monitors gold and precious metals prices to determine the appropriate course of action to be taken.

**NOTE 8 - SEGMENTED DISCLOSURE**

The Company has one operating segment, being the acquisition and exploration of exploration and evaluation assets. All non-current assets of the Company are located in the USA.

**NOTE 9 - CAPITAL MANAGEMENT**

The Company considers its capital to be comprised of shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will continue this method of financing due to the current difficult market conditions.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. Management reviews the capital structure on a regular basis to ensure that the above objectives are met. There have been no changes to the Company's approach to capital management during the year ended March 31, 2020. The Company is not subject to any externally imposed capital requirements.

**NOTE 10 - INCOME TAXES**

The reconciliation of the combined Canadian federal and provincial income tax rate to the income tax recovery presented in the accompanying statements of comprehensive loss is provided below:

|                                                         | For the year<br>ended<br>March 31, 2020 | For the period<br>from inception<br>on May 29, 2018<br>to March 31,<br>2019 |
|---------------------------------------------------------|-----------------------------------------|-----------------------------------------------------------------------------|
|                                                         | \$                                      | \$                                                                          |
| Loss before income taxes                                | (369,282)                               | (225,085)                                                                   |
| Expected income tax recovery at statutory tax rates     | (100,000)                               | (60,800)                                                                    |
| Permanent difference                                    | 30,000                                  | 52,900                                                                      |
| Share issuance costs                                    | (100,000)                               | -                                                                           |
| Change in unrecognized deductible temporary differences | 170,000                                 | 7,900                                                                       |
| Total                                                   | -                                       | -                                                                           |

**NORTHWAY RESOURCES CORP.**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 10 - INCOME TAXES (continued)**

Significant components of deferred tax assets that have not been recognized are as follows:

|                      | As at<br>March 31, 2020 | As at<br>March 31, 2019 |
|----------------------|-------------------------|-------------------------|
|                      | \$                      | \$                      |
| Share issuance costs | 80,000                  | -                       |
| Non-capital losses   | 98,000                  | 7,900                   |
| Total                | 178,000                 | 7,900                   |

Significant components of unrecognized deductible temporary differences and unused tax losses that have not been recognized on the statements of financial position are as follows:

|                      | As at<br>March 31,<br>2020 | Expiry Date | As at<br>March 31,<br>2019 | Expiry Date |
|----------------------|----------------------------|-------------|----------------------------|-------------|
|                      | \$                         |             | \$                         |             |
| Share issuance costs | 297,000                    | 2041 - 2044 | -                          | -           |
| Non-capital losses   | 363,000                    | 2039 - 2040 | 29,000                     | 2039        |

Tax attributes are subject to review, and potential adjustment, by tax authorities.

**NOTE 11 – SUBSEQUENT EVENTS**

- a) In July 2020, the Company acquired a proprietary exploration database from a vendor relating to the Napoleon Project. As consideration, the Company granted to the vendor a 1.0% net smelter returns royalty on the Napoleon property and areas of interest, one-half of which may be acquired by the Company, at any time, for a one-time payment of US\$1,000,000.
- b) In July 2020, the Company entered into a non-binding letter of intent with Kenorland Minerals Ltd. (“Kenorland”), whereby the Company will acquire all of the issued and outstanding securities of Kenorland by way of share exchange. The transaction is subject to a number of terms and conditions, including, but not limited to, the parties entering into a definitive agreement with respect to the transaction on or before August 31, 2020, the completion of satisfactory due diligence, the completion of a private placement of \$10 million by the Company, the completion of a share consolidation, the approval of the TSX-V and other applicable regulatory authorities.

**SCHEDULE “L”**

**MD&A OF NORTHWAY FOR THE YEAR ENDED MARCH 31, 2020**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE YEAR ENDED MARCH 31, 2020**

## GENERAL

The purpose of this Management Discussion and Analysis (“**MD&A**”) is to explain management’s point of view regarding the past performance and future outlook of Northway Resources Corp. (“**Northway**” or the “**Company**”). This report also provides information to improve the reader’s understanding of the financial statements and related notes as well as important trends and risks affecting the Company’s financial performance, and should therefore be read in conjunction with the Company’s audited consolidated financial statements for the year ended March 31, 2020 (the “**Financial Statements**”) and the Company’s prospectus of the Initial Public Offering dated July 30, 2019 (the “**Prospectus**”).

All information contained in this MD&A is current as of July 29, 2020 unless otherwise stated.

All financial information in this MD&A has been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

Additional information on the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com) and at the Company’s website, [www.northwayresources.com](http://www.northwayresources.com). The date of this MD&A is July 29, 2020.

## FORWARD LOOKING STATEMENTS

Certain statements and information contained in this MD&A constitute “forward-looking statements” and “forward looking information” within the meaning of applicable securities legislation. Forward-looking statements and forward looking information include statements concerning the Company’s current expectations, estimates, projections, assumptions and beliefs, and, in certain cases, can be identified by the use of words such as “**seeks**”, “**plans**”, “**expects**”, “**is expected**”, “**budget**”, “**estimates**”, “**intends**”, “**anticipates**”, or “**believes**”, or variations of such words and phrases or statements that certain actions, events or results “**may**”, “**could**”, “**should**”, “**would**”, “**might**” or “**will**”, “**occur**” or “**be achieved**”, or the negative forms of any of these words and other similar expressions.

Forward-looking statements and forward-looking information contained or incorporated by reference in this MD&A may relate to the Company’s future financial condition, results of operations, plans, objectives, performance or business developments including, among other things, potential property acquisitions, exploration and work programs, drilling plans and timing of drilling, the performance characteristics of the Company’s exploration and evaluation assets, exploration results of various projects of the Company, projections of market prices and costs, supply and demand for gold, silver and other base metals, expectations regarding the ability to raise capital and to acquire resources and/or reserves through acquisitions and/or development, treatment under governmental regulatory regimes and tax laws, and capital expenditure programs and the timing and method of financing thereof. Forward-looking statements and forward looking-information are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company as of the date of such statements and information, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The estimates and assumptions of the Company contained or incorporated by reference in this MD&A, which may prove to be incorrect, include, but are not limited to: (1) there being no significant disruptions affecting operations, whether due to labour disruptions, supply disruptions, power disruptions, damage to equipment, adverse weather conditions or otherwise; (2) permitting, access, exploration, expansion and acquisitions at our projects (including, without limitation, land acquisitions for and permitting of exploration plans) being consistent with the Company’s current expectations; (3) the viability, permitting, access, exploration and, if warranted, development of the Healy Property and the Napoleon Property being consistent with the Company’s current expectations; (4) political developments in the United States and the State of Alaska including, without limitation, the implementation of new mining laws and related regulations being consistent with the Company’s current expectations; (5) the exchange rate between the Canadian dollar and the U.S. dollar being approximately consistent with current levels; (6) certain price assumptions for gold, silver and other base metals; (7) prices for and availability of equipment, labor, natural gas, fuel oil, electricity, water and other key supplies remaining consistent with current levels; (8) the results of the Company’s exploration programs on the Healy



Property and the Napoleon Property being consistent with the Company's expectations; (9) labour and materials costs increasing on a basis consistent with the Company's current expectations; and (10) the availability and timing of additional financing being consistent with the Company's current expectations. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements and forward-looking information. Such factors include, but are not limited to: the timing and availability of additional capital, fluctuations in the currency markets; fluctuations in the spot and forward price of gold, silver or other commodities (such as diesel fuel and electricity); changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Canada, the United States, or other countries in which the Company may carry on business in the future; business opportunities that may be presented to, or pursued by, us; our ability to successfully integrate acquisitions; operating or technical difficulties in connection with exploration activities; employee relations; the speculative nature of gold and silver exploration and development, including the risks of obtaining necessary licenses and permits; competition for, among other things, capital, acquisitions of resources and/or reserves, undeveloped lands and skilled personnel, incorrect assessments of the value of acquisitions, geological, technical, drilling and processing problems, fluctuations in foreign exchange or interest rates and stock market volatility, changes in income tax laws or changes in tax laws and incentive programs relating to the mineral resource industry; and contests over title to properties, particularly title to undeveloped properties. In addition, there are risks and hazards associated with the business of mineral exploration, development and mining, including environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins, flooding and gold and/or silver bullion losses (and the risk of inadequate insurance, or the inability to obtain insurance, to cover these risks). Many of these uncertainties and contingencies can affect the Company's actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements or forward-looking information made by, or on behalf of, the Company. There can be no assurance that forward-looking statements and forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements and information. Forward-looking statements and forward-looking information are provided for the purpose of providing information about management's expectations and plans relating to the future. All of the forward-looking statements and forward-looking information made in this MD&A are qualified by these cautionary statements and those made in our other filings with applicable securities regulators in Canada including, but not limited to, the Financial Statements. These factors are not intended to represent a complete list of the factors that could affect the Company and readers should not place undue reliance on forward-looking statements or forward-looking information in this MD&A. The Company disclaims any intention or obligation to update or revise any forward-looking statements and forward-looking information, whether as a result of new information, future events or otherwise, or to explain any material difference between subsequent actual events and such forward-looking statements and forward-looking information, except to the extent required by applicable law.

The forward looking statements and forward-looking information contained herein are based on information available as of July 29, 2020.

## **OVERVIEW AND OVERALL PERFORMANCE**

In August 2019, the Company completed its Initial Public Offering ("IPO") and is currently listed as a "mining issuer" on the Tier 2 of the TSX Venture Exchange ("TSX-V") under the symbol "NTW.V".

### **Mineral Projects**

Currently, Northway holds interests in the Healy and Napoleon mineral projects located in Alaska, USA.

### Healy Project

The Company's flagship Healy Property is comprised of 198 State of Alaska mining claims and 30 State Selected claims currently designated as Native Selected covering 14,550 hectares of land located approximately 180km southeast of Fairbanks or 70km east of Delta Junction, within the Goodpaster mining district (the "Healy Project"). The Goodpaster mining district is host to the world-class Pogo gold mine currently operated by Northern Star Resources Limited (ASX:NST).

In July 2018, the Company entered into an agreement (later amended in May 2019) with Newmont North America Exploration Limited ("Newmont") to acquire up to 70% of the property by incurring aggregate expenditures of US\$4,000,000.

The Company is entitled to acquire a 70% interest in the Healy Property upon incurring aggregate expenditures of US\$4,000,000 on the property during the phase 1 period of the Contribution ("Phase 1").

The following is a summary of the Contribution earn-in requirements:

| Period ("Phase 1 Period")      | Exploration Requirement<br>US\$ | Aggregate Exploration<br>Requirement<br>US\$ |
|--------------------------------|---------------------------------|----------------------------------------------|
| On or before November 30, 2018 | (incurred) 140,000              | 140,000                                      |
| On or before December 31, 2020 | (incurred) 360,000              | 500,000                                      |
| On or before December 31, 2021 | 1,500,000                       | 2,000,000                                    |
| On or before December 31, 2022 | 2,000,000                       | 4,000,000                                    |

Pursuant to the agreement, the Company was required to fund US\$140,000 by November 30, 2018 (incurred) and US\$360,000 (incurred) by December 31, 2020, totaling US\$500,000 ("Mandatory Phase 1 Expenditures"), which has been completed. The Company, having completed the Mandatory Phase 1 Expenditures, may terminate the Contribution at any time in its discretion.

Upon completing the Phase 1 earn-in requirement on the Healy Property, the value of the Company's initial contribution shall be deemed to be US\$4,000,000 (70% interest) and the value of Newmont's initial contribution shall be deemed to be US\$1,715,000 (30% interest). From and after the date on which the Company completes the Phase 1 earn-in requirement on the Healy Property, the Company and Newmont shall fund an adopted program on a pro-rata basis in accordance with their respective participating interests.

Scientific and technical disclosure for the Healy Project is supported by the technical report with an effective date of December 15, 2018, entitled "Technical Report for the Healy Gold Project, Goodpaster Mining District, Alaska" and prepared by Curtis J. Freeman, BA, MS P.Geo, of Avalon Development Corp, qualified persons for the purposes of NI 43-101 (the "**Healy Technical Report**"). The Healy Technical Report was filed on SEDAR on July 30, 2019. It can be accessed at [www.sedar.com](http://www.sedar.com) under the Company's profile.

The Healy Project is located within the Goodpaster Mining District, which is part of the prolific Tintina Gold Province; host of significant deposits such as Donlin Creek, Fort Knox, Pogo, Coffee, Sheelite Dome and Dublin Gulch. The property straddles a regional contact between metamorphic basement rocks and Cretaceous igneous rocks, a recognized regional control for gold mineralisation. The project lies within the major north-east trending structural corridor of the Black Mountain Tectonic Zone. The Black Mountain Tectonic Zone is believed to be similar to other major north-east trending structures such as the Shaw Creek, Mt. Harper, Ketchumstuck and Sixtymile fault systems, all of which are associated with major mineral occurrences. Gold-in-soil geochemical anomalies are coincident with numerous north-east trending structures related to this major structural corridor.

The Healy Project area was first identified and staked by Newmont Corporation in 2012, following a two year regional stream sediment sampling program in eastern Alaska. Follow-up prospecting, mapping and systematic soil sampling defined numerous, kilometer-scale gold, arsenic and antimony in soil anomalies.

In September 2019, Northway Resources completed the first drilling on the property, a ten-hole, reconnaissance-style reverse circulation (RC) drill program at the Bronk target. All ten of the holes encountered gold mineralization at with intercepts including 0.42g/t gold over 49.4 meters. This work led to the discovery of widespread gold mineralization hosted within a 150-200m wide steeply dipping shear zone. The style of mineralization and alteration is consistent with other orogenic gold systems in the Tintina gold belt and represents one of seven compelling target areas that require further exploration. Gold mineralization was found to be associated with disseminated sulphides and quartz veins. Alteration associated with mineralization includes iron carbonate, fuchsite, and sericite. The 2019 drill results at Bronk reinforce Northway's belief that Healy could host significant gold mineralization

### Napoleon Project

The Napoleon project is comprised of a contiguous block of 108 unpatented lode claims (6,065 hectares) (The Napoleon Project") located in Forty Mile Mining District, which is part of the prolific Tintina Gold Province; host of significant deposits such as Donlin Creek, Fort Knox, Pogo, Coffee, Sheelite Dome and Dublin Gulch. It was staked by Northway in 2018 after an analysis of regional geophysical and geochemical data identified the area a being highly prospective for gold mineralisation.

Between 1998 and 1999 soil sampling, prospecting, airborne and ground geophysics, and the excavation of 25 shallow trenches led to the discovery of five target areas: Main Zone, Saddle Zone, Trench 24 area, Twin Peaks and Burnt Ridge. Kennecott drilled 6 diamond drill holes and 10 reverse circulation holes and reported gold intercepts over 1.0 ppm in 8 of the 16 holes, with the best intercepts being 0.61m @ 34.71 g/t Au and 0.61m @ 14.74 g/t Au in the Main Zone, and 1.52m @ 6.56 g/t Au at Burnt Ridge. From 2000 and 2001, the Napoleon property was explored by Teck Resources. Work during this time included an airborne magnetic and EM survey, soil and rock sampling and 11 diamond drill holes. The best reported diamond drill intercepts were 0.90m @ 20.59 g/t Au at Twin Peaks Zone, and 3.00m @ 8.49 g/t Au at the Saddle Zone. Northway's 100% owned Napoleon Property represents another exciting opportunity in Alaska; previous drill programs were successful at identifying high-grade gold mineralization associated with quartz veins. Our 2020 surface program at Napoleon should help better define structural controls on mineralization and aid in future drill targeting.

Mineralization at Napoleon is hosted in high-grade quartz veins, related to a regional shear zone which intersects the Jurassic aged Napoleon pluton. Gold mineralization is controlled by east-west and northwest trending shear zones within the Napoleon pluton, commonly kaolinite-quartz-carbonate altered. High-grade gold is associated with quartz-pyrite veins, with K-feldspar-sericite-pyrite altered selvages.

In 2019, the Company performed data compilation as well as a site visit to the Napoleon Project to inspect historical core and trenches.

In February 2020, the Company acquired a proprietary exploration database from Millrock Exploration Corp. and its affiliate (collectively "Millrock") relating to the Napoleon Project. The database consists of significant geologic and geochemical data that will allow the Company to reduce the time and costs of generating drill targets on the property. As consideration, the Company granted to Millrock a 0.5% net smelter returns royalty on the Napoleon property and areas of interest, one-half of which may be acquired by the Company, at any time, for a onetime payment of US\$500,000 and is required to make annual advance royalty payments of US\$1,000.

In July 2020, the Company acquired a proprietary exploration database from a vendor relating to the Napoleon Project. As consideration, the Company granted to the vendor a 1.0% net smelter returns royalty on the Napoleon Project and areas of interest, one-half of which may be acquired by the Company, at any time, for a onetime payment of US\$1,000,000.

## Exploration and Evaluation Properties

For the year ended March 31, 2020, the Company incurred exploration and evaluation expenditures of \$738,819 as compared to \$330,040 in the comparative period of 2019.

The total cumulative acquisition and deferred exploration costs of the Company to March 31, 2020 are summarized as follows:

|                                        | Healy            | Napoleon      | Total            |
|----------------------------------------|------------------|---------------|------------------|
|                                        | \$               | \$            | \$               |
| <b>Balance, May 29, 2018</b>           | -                | -             | -                |
| Property acquisition and staking costs | -                | 41,085        | 41,085           |
| <i>Exploration expenditures:</i>       |                  |               |                  |
| Accommodation and related              | 16,129           | -             | 16,129           |
| Assays                                 | 52,433           | -             | 52,433           |
| Claim maintenance fees                 | 76,021           | -             | 76,021           |
| Consulting                             | 18,946           | -             | 18,946           |
| Data analysis                          | 10,500           | -             | 10,500           |
| Geological                             | 108,400          | -             | 108,400          |
| Supplies and fuel                      | 6,526            | -             | 6,526            |
| Subtotal                               | 288,955          | 41,085        | 330,040          |
| <b>Balance, March 31, 2019</b>         | <b>288,955</b>   | <b>41,085</b> | <b>330,040</b>   |
| Property acquisition and staking costs | 7,707            | -             | 7,707            |
| <i>Exploration expenditures:</i>       |                  |               |                  |
| Accommodation and related              | 38,730           | 735           | 39,465           |
| Analytical                             | 49,891           | 1,345         | 51,236           |
| Claim maintenance fees                 | 86,525           | 9,976         | 96,501           |
| Consulting                             | 106,514          | 8,065         | 114,579          |
| Drilling                               | 236,666          | -             | 236,666          |
| Geophysics                             | 10,495           | -             | 10,495           |
| Helicopter                             | 156,327          | -             | 156,327          |
| Legal and permitting                   | 4,366            | -             | 4,366            |
| Travel and related                     | 21,477           | -             | 21,477           |
| Subtotal                               | 718,698          | 20,121        | 738,819          |
| <b>Balance, March 31, 2020</b>         | <b>1,007,653</b> | <b>61,206</b> | <b>1,068,859</b> |

## Corporate Activities

In August 2019, the Company completed its IPO of 18,486,000 common shares at a price of \$0.10 per common share for gross proceeds of \$1,848,600 and began listing as a “mining issuer” on the Tier 2 of the TSX-V under the symbol “NTW.V”. The Company issued 1,294,020 finders’ warrants to its agent exercisable at a price of \$0.10 per share for a period of 24 months.

In August 2019, the Company completed a brokered private placement of 6,900,000 shares at a price of \$0.10 per share for gross proceeds of \$690,000 and incurred commission of \$46,200. The Company issued 462,000 finders’ warrants to its agent exercisable at a price of \$0.10 per share for a period of 24 months.

In February 2020, the Company appointed Thomas Hawkins as VP Exploration, and as a result, Luke Van Der Meer stepped down from the position of VP Exploration.

In July 2020, the Company entered into a non-binding letter of intent with Kenorland Minerals Ltd. ("**Kenorland**"), whereby the Company will acquire all of the issued and outstanding securities of Kenorland by way of share exchange. Kenorland is a private exploration company incorporated under the laws of the Province of British Columbia and is based in Vancouver, British Columbia, Canada. Kenorland's business model is mining project generation focused on early to advanced stage exploration assets.

Upon successful completion of the proposed acquisition of the securities of Kenorland (the "**Transaction**"), it is anticipated that the Company will be listed as a Tier 2 Mining issuer on the TSX-V and will carry on the combined business of Northway and Kenorland. The Transaction constitutes a 'reverse takeover' of the Company pursuant to Policy 5.2 of the TSX-V.

The transaction is subject to a number of terms and conditions, including, but not limited to, the parties entering into a definitive agreement with respect to the transaction on or before August 31, 2020, the completion of satisfactory due diligence, the completion of a private placement of \$10 million by the Company, the completion of the share consolidation of Northway on a 10 old for one new basis (the "**Consolidation**"), and the approval of the TSX-V and other applicable regulatory authorities.

Pursuant to the Transaction, the Company will issue common shares ("**NTW Shares**") to the holders of common shares in the capital of Kenorland ("**Kenorland Shares**") on the basis of approximately two post-Consolidation NTW Shares for each Kenorland Share. It is anticipated that approximately 30.05 million NTW Shares will be issued pursuant to the Transaction based on the current capital structure of Kenorland.

As Kenorland is the holder of 6,000,000 common shares of the Company, representing 14.50% of the current issued and outstanding shares, the Transaction constitutes a 'related party transaction' as defined in Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("MI 61-101"). As a result, the completion of the Transaction will be subject to majority of the minority shareholder approval requirements of MI 61-101.

The Company has appointed a special committee comprised of three independent directors to review and approve the Transaction.

Refer to the [July 29, 2020 news release](#) for more details of the Transaction.

## **SELECTED ANNUAL INFORMATION**

All financial information in this MD&A has been prepared in accordance with IFRS.

The following financial data is derived from the Financial Statements:

|                                         | <b>For the year ended<br/>March 31, 2020</b> | <b>For the period from<br/>inception on May 29,<br/>2018 to March 31, 2019,</b> |
|-----------------------------------------|----------------------------------------------|---------------------------------------------------------------------------------|
|                                         | <b>\$</b>                                    | <b>\$</b>                                                                       |
| Expenses                                | (369,612)                                    | (225,085)                                                                       |
| Loss and comprehensive loss             | (369,282)                                    | (225,085)                                                                       |
| Basic and diluted loss per common share | (0.01)                                       | (0.04)                                                                          |

|                                   | <b>As at March 31,</b> |             |
|-----------------------------------|------------------------|-------------|
|                                   | <b>2020</b>            | <b>2019</b> |
|                                   | <b>\$</b>              | <b>\$</b>   |
| Working capital                   | 1,412,587              | 244,876     |
| Exploration and evaluation assets | 1,068,859              | 330,040     |
| Total assets                      | 2,557,732              | 663,081     |
| Total liabilities                 | 76,286                 | 88,165      |

The Company's mineral projects are in the exploration stage and, to date, the Company has not generated any revenues other than interest income.

## Operations

As an exploration company, the Company has yet to generate any revenue from its planned operations and has, to date, incurred net losses from operating and administrative expenses.

The Company's operating and administrative expenses for the year ended March 31, 2020 totalled \$369,612 (2019 - \$225,085), including share-based compensation incurred during the period, valued at \$108,728 (2019 - \$196,000) calculated using the Black Scholes option pricing model.

The table below details the changes in major expenditures for the year ended March 31, 2020 as compared to the corresponding period ended March 31, 2019:

| <b>Expenses</b>           | <b>Increase / Decrease<br/>in Expenses</b> | <b>Explanation for Change</b>                                                                                                          |
|---------------------------|--------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| Advertising and marketing | Increase of \$17,601                       | Increased due to the Company's brand creation and advertising.                                                                         |
| Management fees           | Increase of \$69,333                       | Increased due to new management fees to the CEO, CFO and VP Exploration in the current period.                                         |
| Professional fees         | Increase of \$82,329                       | Increased due to more corporate activities and higher professional fees for regulatory corporate filings as a publicly listed company. |
| Share-based compensation  | Decrease of \$87,272                       | Decreased due to share-based compensation recorded for shares issued in the comparative period.                                        |

As at March 31, 2020, the Company had not yet achieved profitable operations and has accumulated losses of \$583,633 (2019 - \$225,085) since inception. These losses resulted in a net loss per share (basic and diluted) for the year ended March 31, 2020 of \$0.01 (2019 - \$0.04).

## Summary of Quarterly Results

The following provides selected quarterly information for the Company's eight most recently completed quarters.

|                                    | <b>March 31,<br/>2020</b> | <b>December 31,<br/>2019</b> | <b>September 30,<br/>2019</b> | <b>June 30,<br/>2019</b> |
|------------------------------------|---------------------------|------------------------------|-------------------------------|--------------------------|
|                                    | \$                        | \$                           | \$                            | \$                       |
| Total assets                       | 2,557,732                 | 2,600,237                    | 3,259,143                     | 625,196                  |
| Total liabilities                  | 76,286                    | 9,393                        | 612,239                       | 90,353                   |
| Working capital (deficiency)       | 1,412,587                 | 1,509,981                    | 1,629,797                     | 191,306                  |
|                                    |                           |                              |                               |                          |
| Loss and comprehensive loss        | (111,660)                 | (90,238)                     | (127,312)                     | (40,072)                 |
| Loss per share (basic and diluted) | (0.00)                    | (0.00)                       | (0.00)                        | (0.00)                   |

|                                    | <b>March 31,<br/>2019</b> | <b>December 31,<br/>2018</b> | <b>September 30,<br/>2018</b> | <b>June 30,<br/>2018</b> |
|------------------------------------|---------------------------|------------------------------|-------------------------------|--------------------------|
|                                    | \$                        | \$                           | \$                            | \$                       |
| Total assets                       | 663,081                   | 288,453                      | 154,076                       | 1                        |
| Total liabilities                  | 88,165                    | 286,825                      | 325                           | -                        |
| Working capital (deficiency)       | 244,876                   | (278,230)                    | 59,426                        | 1                        |
|                                    |                           |                              |                               |                          |
| Loss and comprehensive loss        | (26,712)                  | (2,123)                      | (196,250)                     | -                        |
| Loss per share (basic and diluted) | (0.00)                    | (0.00)                       | (0.06)                        | -                        |

Variances quarter over quarter can be explained as follows:

In the quarters ended March 31, 2020, December 31, 2019, September 30, 2019, and September 30, 2018, the Company recorded share-based compensation of \$22,857, \$34,178, \$51,693, and \$196,000, respectively, contributing to significantly higher losses in these quarters compared to quarters in which no share-based compensation were recorded.

## Fourth Quarter

During the fourth quarter ended March 31, 2020, the Company recorded net loss of \$111,660 or \$0.00 per share compared with net loss of \$26,712 or \$0.00 per share in the fourth quarter of fiscal 2019. During the fourth quarter of fiscal 2020, the Company recorded the following significant expenses: management fees of \$28,000, professional fees of \$43,903, and share-based compensation of \$22,857. During the fourth quarter of fiscal 2019, the Company recorded the following significant expenses: professional fees of \$26,525, and share-based compensation of \$196,000.



## **LIQUIDITY AND CAPITAL RESOURCES**

The Company's liquidity and capital resources are as follows:

|                                           | <b>March 31, 2020</b> | <b>March 31, 2019</b> |
|-------------------------------------------|-----------------------|-----------------------|
|                                           | \$                    | \$                    |
| Cash                                      | 1,449,124             | 327,993               |
| Receivables                               | 25,176                | 5,048                 |
| Prepaid expenses                          | 14,573                | -                     |
| Total current assets                      | 1,488,873             | 333,041               |
| Accounts payables and accrued liabilities | 76,286                | 78,165                |
| Due to related parties                    | -                     | 10,000                |
| Working capital                           | 1,412,587             | 244,876               |

During the year ended March 31, 2020, the Company completed the IPO and a private placement consisting of 25,386,000 common shares at a price of \$0.10 per share for gross proceeds of \$2,538,600. The Company had working capital of \$1,412,587 as at March 31, 2020 (2019 - \$244,876).

## **RISKS AND UNCERTAINTIES**

The business and operations of Northway are subject to numerous risks, many of which are beyond Northway's control. Northway considers the risks set out below to be some of the most significant to potential investors in the Company, but not all of the risks associated with an investment in securities of the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which Northway is currently unaware or which it considers to be material in relation to Northway's business actually occur, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of Northway's securities could decline and investors may lose all or part of their investment.

- (a) Northway has only recently completed its IPO. As such, it is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel and lack of revenues.
- (b) Northway has limited financial resources and no operating revenues. To earn and/or maintain its interest in the Healy Property and Napoleon Property, the Company has contractually agreed or is required to make certain payments and expenditures for and on such properties. Northway's ability to continue as a going concern is dependent upon, among other things, Northway establishing commercial quantities of mineral reserves on its properties and obtaining the necessary financing and permits to develop and profitably produce such minerals or, alternatively, disposing of its interests on a profitable basis, none of which is assured.
- (c) The Company is in the exploration stage and is currently seeking additional capital to develop its exploration properties. The Company's ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and, in the meantime, to obtain the necessary financing to meet its obligations and repay its liabilities when they become due. External financing, predominantly by the issuance of equity and debt, will be sought to finance the operations of the Company; however, there can be no certainty that such funds will be available at terms acceptable to the Company. These conditions indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.



- (d) The exploration for, and development of, mineral deposits involves a high degree of risk, which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing mines. Resource exploration and development is a 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, although present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors that are beyond the control of the Company and that cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection, the combination of which factors may result in the Company not receiving an adequate return on investment capital.
- (e) All of the properties in which the Company has an interest are without any mineral reserves. Whether a mineral deposit will be commercially viable depends on a number of factors, which include, without limitation, the particular attributes of the deposit, such as size, grade and proximity to infrastructure, metal prices, which fluctuate widely, and government regulations, including, without limitation, regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The combination of these factors may result in the Company expending significant resources (financial and otherwise) on a property without receiving a return. There is no certainty that expenditures made by the Company towards the search and evaluation of mineral deposits will result in discoveries of an economically viable mineral deposit.
- (f) The Company's operations will be subject to all of the hazards and risks normally encountered in the exploration, development and production of minerals. These include unusual and unexpected geological formations, rock falls, seismic activity, flooding and other conditions involved in the extraction 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 precautions to minimize risk will be taken, operations are subject to hazards that may result in environmental pollution, and consequent liability that could have a material adverse impact on the business, operations and financial performance of the Company.
- (g) All phases of the Company's operations with respect to the Healy Project will be subject to environmental regulation in the United States. Changes in environmental regulation, if any, may adversely impact the Company's operations and future potential profitability. In addition, environmental hazards may exist on the Healy Project which are currently unknown. The Company may be liable for losses associated with such hazards, or may be forced to undertake extensive remedial cleanup action or to pay for governmental remedial cleanup actions, even in cases where such hazards have been caused by previous or existing owners or operators of the properties, or by the past or present owners of adjacent properties or by natural conditions. The costs of such cleanup actions may have a material adverse impact on the Company's operations and future potential profitability.

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 the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

The Company may be subject to reclamation requirements designed to minimize long-term effects of mining exploitation and exploration disturbance by requiring the operating company to control possible deleterious effluents and to re-establish to some degree pre-disturbance land forms and vegetation. Any significant environmental issues that may arise, however, could lead to increased reclamation expenditures and could have a material adverse impact on the Company's financial resources.

- (h) The mining industry is capital intensive and subject to fluctuations in metal prices, market sentiment, foreign exchange and interest rates. It is also highly competitive in all its phases and Northway will be competing with other mining companies, many with greater financial, technical and human resources, in the search for, and the acquisition of, mineral resource properties and in the marketing of minerals.
- (i) Certain of the directors and officers of the Company will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including resources companies) and, as a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest
- (j) Northway has not declared or paid any dividends on its common shares and does not expect to do so in the foreseeable future. Future earnings, if any, will likely be retained to finance growth. Any return on investment in Northway's shares will come from the appreciation, if any, in the value thereof. The payment of any future dividends will depend upon the Company's earnings, if any, its then-existing financial requirements and other factors, and will be at the discretion of the Company's Board.
- (k) Northway faces risks related to health epidemics and other outbreaks of communicable diseases, which could significantly disrupt its operations and may materially and adversely affect its business and financial conditions. The Company's business could be adversely impacted by the effects of the coronavirus or other epidemics. In December 2019, a novel strain of the coronavirus emerged in China and the virus has now spread to several other countries, including Canada and the United States., and infections have been reported globally. The extent to which the coronavirus impacts our business, including its operations and the market for its securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the outbreak and the actions taken to contain or treat the coronavirus outbreak. In particular, the continued spread of the coronavirus globally could materially and adversely impact our business including without limitation, employee health, workforce productivity, increased insurance premiums, limitations on travel, the availability of industry experts and personnel, restrictions to its drill program and/or the timing to process drill and other metallurgical testing, and other factors that will depend on future developments beyond our control, which may have a material and adverse effect on the its business, financial condition and results of operations. There can be no assurance that the Company's personnel will not be impacted by these pandemic diseases and ultimately see its workforce productivity reduced or incur increased medical costs / insurance premiums as a result of these health risks. In addition, a significant outbreak of coronavirus could result in a widespread global health crisis that could adversely affect global economies and financial markets resulting in an economic downturn that could have an adverse effect on the demand for precious metals and our future prospects.

Readers are cautioned that the foregoing list of risks, uncertainties and other factors is not exhaustive.

#### **RELATED PARTY TRANSACTIONS AND BALANCES**

During the year ended March 31, 2020, the Company entered into the following transactions with related parties, not disclosed elsewhere in the Financial Statements:

- Incurred management fees of \$45,833 (2019 - \$nil) to Zachary Flood, the President, CEO and director of the Company.
- Incurred exploration expenditures of \$427,047 (2019 - \$100,952) and rent of \$7,600 (2019 - \$nil) to Kenorland, a company related by a common officer and director. As at March 31, 2020, \$nil (2019 - \$45,066) was included in accounts payable and accrued liabilities for reimbursement of expenses and \$1,365 (2019 - \$nil) was included in prepaid expenses paid to a company controlled by an officer and director in relation to rent.

- Incurred management fees of \$11,000 (2019 - \$nil) to a company controlled by Enoch Kong, the CFO and Corporate Secretary of the Company.
- Incurred management fees of \$12,500 (2019 - \$nil) to Thomas Hawkins, the VP Exploration of the Company.
- Incurred professional fees of \$262 (2019 - \$nil) to a company controlled by Jay Sujir, a director of the Company.

Key management personnel includes those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Board and corporate officers, including the Company's Chief Executive Officer and Chief Financial Officer.

|                          | <b>For the year ended<br/>March 31, 2020</b> | <b>For the period from<br/>inception on<br/>May 29, 2018 to<br/>March 31, 2019</b> |
|--------------------------|----------------------------------------------|------------------------------------------------------------------------------------|
|                          | \$                                           | \$                                                                                 |
| Management fees          | 69,333                                       | -                                                                                  |
| Professional fees        | 262                                          | -                                                                                  |
| Share-based compensation | 81,195                                       | -                                                                                  |
|                          | <b>150,790</b>                               | <b>-</b>                                                                           |

### **OFF- BALANCE SHEET ARRANGEMENTS**

The Company has not entered into any off-balance sheet arrangements.

### **CHANGES IN ACCOUNTING POLICIES**

#### Leases

On April 1, 2019, the Company adopted IFRS 16 – Leases (“IFRS 16”) which replaced IAS 17 – Leases and IFRIC 4 – Determining Whether an Arrangement Contains a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard is effective for annual periods beginning on or after January 1, 2019. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to finance leases applied in IAS 17. IFRS 16 does not require a lessee to recognize assets and liabilities for short-term leases (i.e. leases of 12 months or less) and leases of low-value assets.

The Company analyzed its contracts to identify whether they contain a lease agreement for the application of IFRS 16. No such contracts were identified, and as a result, the adoption of IFRS 16 resulted in no impact to the opening retained earnings on April 1, 2019.

### **CRITICAL ACCOUNTING ESTIMATES**

The preparation of the Financial Statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the Financial Statements, and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from management's best estimates as additional information becomes available.

**FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's receivables, accounts payable and accrued liabilities, and due to related parties approximate their carrying values. The Company's other financial instrument, being cash, is measured at fair value using Level 1 inputs.

The Company is exposed to a variety of financial risks by virtue of its activities including credit, liquidity, market, currency, and commodity price risk.

- a) Credit risk  
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company manages credit risk, in respect of cash, by placing at major Canadian financial institutions. The Company has minimal credit risk.
- b) Liquidity risk  
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet liabilities when they become due. As at March 31, 2020, the Company has sufficient cash to settle its current liabilities. The Company will require additional funding to meet its long-term exploration obligations.
- c) Market risk  
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return. The Company is not exposed to market risk.
- d) Currency risk  
The Company conducts exploration and evaluation activities in the United States. As such, it is subject to risk due to fluctuations in the exchange rates of the Canadian and US dollars. As at March 31, 2020, the Company had a net asset of US\$521,629. A 10% fluctuation in the exchange rate of the United States dollar against the Canadian dollar would affect the Company's cash and account payable by approximately \$52,200.
- e) Commodity price risk  
The ability of the Company to raise funds to explore and develop its exploration and evaluation assets and the future profitability of the Company are directly related to the price of gold and other precious metals. The Company monitors gold and precious metals prices to determine the appropriate course of action to be taken.

## **INTERNAL CONTROL OVER FINANCIAL REPORTING PROCEDURES**

As a venture issuer, the Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are responsible to ensure that the Financial Statements and this MD&A do not contain any untrue statement of a 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 was made, with respect to the period covered by these filings, and that the financial report together with the other financial information included in these filings fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented in these filings. The certifying officers are also responsible for ensuring processes are in place to provide them with sufficient knowledge to support such representations.

However, in contrast to non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109"), the Company's certifying officers are not required to make 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. Accordingly, investors should be aware that inherent limitations on the ability of the Company's certifying officers 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 these annual filings as well as interim filings and other reports provided by the Company under securities legislation.

## **DISCLOSURE OF DATA FOR OUTSTANDING COMMON SHARES, STOCK OPTIONS, AND WARRANTS**

The following table summarizes the outstanding common shares, stock options, and warrants of the Company:

|               | <b>As at March 31, 2020</b> | <b>Date of this MD&amp;A</b> |
|---------------|-----------------------------|------------------------------|
| Common shares | 41,386,000                  | 41,386,000                   |
| Stock options | 1,750,000                   | 1,750,000                    |
| Warrants      | 13,756,020                  | 13,756,020                   |

Details of the outstanding stock options:

| <b>Number of options<br/>outstanding</b> | <b>Number of options<br/>exercisable</b> | <b>Exercise price<br/>\$</b> | <b>Expiry date</b> |
|------------------------------------------|------------------------------------------|------------------------------|--------------------|
| 1,750,000                                | 875,000                                  | 0.10                         | August 22, 2024    |

Details of the outstanding warrants:

| <b>Number of warrants</b> | <b>Exercise price<br/>\$</b> | <b>Expiry date</b> |
|---------------------------|------------------------------|--------------------|
| 1,294,020                 | 0.10                         | August 22, 2021    |
| 462,000                   | 0.10                         | August 28, 2021    |
| 3,000,000                 | 0.10                         | September 15, 2023 |
| 2,000,000                 | 0.10                         | January 25, 2024   |
| 7,000,000                 | 0.10                         | March 19, 2024     |
| 13,756,020                |                              |                    |

**OTHER MD&A REQUIREMENTS**

Additional information relating to the Company may be found on SEDAR at [www.sedar.com](http://www.sedar.com) including, but not limited to:

- the Company's audited consolidated financial statements for the year ended March 31, 2020.

This MD&A has been approved by the Board on July 29, 2020.

**SCHEDULE “M”**

**INTERIM FINANCIAL STATEMENTS OF NORTHWAY FOR THE THREE MONTHS ENDED JUNE 30,  
2020**

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**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED JUNE 30, 2020**

**(UNAUDITED - EXPRESSED IN CANADIAN DOLLARS)**



# **NORTHWAY RESOURCES CORP.**

For the three months ended June 30, 2020  
(Unaudited - Expressed in Canadian Dollars)

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**NORTHWAY RESOURCES CORP.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Unaudited - Expressed in Canadian Dollars)

|                                                   | <b>June 30, 2020</b> | <b>March 31, 2020</b> |
|---------------------------------------------------|----------------------|-----------------------|
|                                                   | <b>\$</b>            | <b>\$</b>             |
| <b>ASSETS</b>                                     |                      |                       |
| <b>Current</b>                                    |                      |                       |
| Cash                                              | 1,329,902            | 1,449,124             |
| Receivable                                        | 2,747                | 25,176                |
| Prepaid expenses (Note 6)                         | 46,592               | 14,573                |
|                                                   | <u>1,379,241</u>     | <u>1,488,873</u>      |
| <b>Exploration and evaluation assets (Note 3)</b> | <u>1,123,269</u>     | <u>1,068,859</u>      |
| <b>TOTAL ASSETS</b>                               | <u>2,502,510</u>     | <u>2,557,732</u>      |
| <b>LIABILITIES</b>                                |                      |                       |
| <b>Current</b>                                    |                      |                       |
| Accounts payable and accrued liabilities (Note 4) | <u>112,359</u>       | <u>76,286</u>         |
| <b>SHAREHOLDERS' EQUITY</b>                       |                      |                       |
| Share capital (Note 5)                            | 2,678,566            | 2,678,566             |
| Reserves (Note 5)                                 | 399,994              | 386,513               |
| Deficit                                           | <u>(688,409)</u>     | <u>(583,633)</u>      |
|                                                   | <u>2,390,151</u>     | <u>2,481,446</u>      |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b> | <u>2,502,510</u>     | <u>2,557,732</u>      |

Nature of Operations (Note 1)  
Subsequent Events (Note 10)

Approved and authorized by the Board on August 28, 2020

**On behalf of the Board of Directors:**

\_\_\_\_\_  
"Jay Sujir" Director

\_\_\_\_\_  
"Jessica Van Den Akker" Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

**NORTHWAY RESOURCES CORP.****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Unaudited - Expressed in Canadian Dollars)

|                                                             | <b>For the three months ended June 30,</b> |                   |
|-------------------------------------------------------------|--------------------------------------------|-------------------|
|                                                             | <b>2020</b>                                | <b>2019</b>       |
|                                                             | <b>\$</b>                                  | <b>\$</b>         |
| <b>Expenses</b>                                             |                                            |                   |
| Advertising and marketing                                   | 1,845                                      | -                 |
| Foreign exchange loss                                       | 30,466                                     | 1,224             |
| Insurance expense                                           | 6,200                                      | -                 |
| Management fees (Note 6)                                    | 28,000                                     | 10,333            |
| Office and general                                          | 2,459                                      | 866               |
| Professional fees (Note 6)                                  | 14,245                                     | 21,549            |
| Property investigation costs                                | -                                          | 2,000             |
| Rent (Note 6)                                               | 3,900                                      | -                 |
| Share-based compensation (Notes 5 and 6)                    | 13,481                                     | -                 |
| Transfer and filing fees                                    | 4,453                                      | 702               |
| Travel and related                                          | -                                          | 3,398             |
|                                                             | <u>(105,049)</u>                           | <u>(40,072)</u>   |
| Interest income                                             | <u>273</u>                                 | <u>-</u>          |
| <b>Loss and comprehensive loss for the period</b>           | <b>(104,776)</b>                           | <b>(40,072)</b>   |
| <b>Basic and diluted loss per share</b>                     | <b>(0.00)</b>                              | <b>(0.00)</b>     |
| <b>Weighted average number of common shares outstanding</b> | <b>41,386,000</b>                          | <b>16,000,010</b> |

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

# NORTHWAY RESOURCES CORP.

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited - Expressed in Canadian Dollars)

|                                                        | Number of<br>Shares Issued | Share Capital<br>\$ | Reserves<br>\$ | Accumulated<br>Deficit<br>\$ | Total<br>Shareholders'<br>Equity<br>\$ |
|--------------------------------------------------------|----------------------------|---------------------|----------------|------------------------------|----------------------------------------|
| <b>Balance at March 31, 2019</b>                       | <b>16,000,100</b>          | <b>604,001</b>      | <b>196,000</b> | <b>(225,085)</b>             | <b>574,916</b>                         |
| Repurchase and cancellation of<br>incorporation shares | (100)                      | (1)                 | -              | -                            | (1)                                    |
| Net loss for the period                                | -                          | -                   | -              | (40,072)                     | (40,072)                               |
| <b>Balance at June 30, 2019</b>                        | <b>16,000,000</b>          | <b>604,000</b>      | <b>196,000</b> | <b>(265,157)</b>             | <b>534,843</b>                         |
| Shares issued for cash                                 | 25,386,000                 | 2,538,600           | -              | -                            | 2,538,600                              |
| Share issuance costs                                   | -                          | (464,034)           | 92,519         | -                            | (371,515)                              |
| Share-based compensation                               | -                          | -                   | 108,728        | -                            | 108,728                                |
| Stock options expired                                  | -                          | -                   | (10,734)       | 10,734                       | -                                      |
| Net loss for the period                                | -                          | -                   | -              | (329,210)                    | (329,210)                              |
| <b>Balance at March 31, 2020</b>                       | <b>41,386,000</b>          | <b>2,678,566</b>    | <b>386,513</b> | <b>(583,633)</b>             | <b>2,481,446</b>                       |
| Share-based compensation                               | -                          | -                   | 13,481         | -                            | 13,481                                 |
| Net loss for the period                                | -                          | -                   | -              | (104,776)                    | (104,776)                              |
| <b>Balance at June 30, 2020</b>                        | <b>41,386,000</b>          | <b>2,678,566</b>    | <b>399,994</b> | <b>(688,409)</b>             | <b>2,390,151</b>                       |

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

**NORTHWAY RESOURCES CORP.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited - Expressed in Canadian Dollars)

|                                                       | <b>For the three months ended June 30,</b> |                 |
|-------------------------------------------------------|--------------------------------------------|-----------------|
|                                                       | <b>2020</b>                                | <b>2019</b>     |
|                                                       | <b>\$</b>                                  | <b>\$</b>       |
| <b>Cash flows used in operating activities</b>        |                                            |                 |
| Net loss for the period                               | (104,776)                                  | (40,072)        |
| Item not involving cash                               |                                            |                 |
| Share-based compensation                              | 13,481                                     | -               |
| Changes in non-cash working capital items             |                                            |                 |
| Receivables                                           | 22,429                                     | 2,058           |
| Prepaid expenses                                      | (32,019)                                   | -               |
| Accounts payable and accrued liabilities              | 42,945                                     | 12,767          |
|                                                       | <u>(57,940)</u>                            | <u>(25,247)</u> |
| <b>Cash flows used in investing activities</b>        |                                            |                 |
| Exploration and evaluation assets expenditures        | <u>(61,282)</u>                            | <u>(44,290)</u> |
| <b>Cash flows from financing activities</b>           |                                            |                 |
| Proceeds for shares repurchased                       | -                                          | (1)             |
| Repayment to related parties                          | -                                          | (10,000)        |
| Deferred financing costs                              | -                                          | (42,470)        |
|                                                       | <u>-</u>                                   | <u>(52,471)</u> |
| <b>Net change in cash</b>                             | (119,222)                                  | (122,008)       |
| <b>Cash, beginning of period</b>                      | <u>1,449,124</u>                           | <u>327,993</u>  |
| <b>Cash, end of period</b>                            | <u>1,329,902</u>                           | <u>205,985</u>  |
| <b>Non-cash transactions</b>                          |                                            |                 |
| Exploration and evaluation assets in accounts payable | 791                                        | 18,880          |
| Deferred financing costs in accounts payable          | -                                          | 30,214          |

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

**NORTHWAY RESOURCES CORP.**  
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED JUNE 30, 2020  
(Unaudited - Expressed in Canadian Dollars)

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**NOTE 1 - NATURE OF OPERATIONS**

**Nature of operations**

Northway Resources Corp. (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on May 29, 2018. The Company is principally engaged in the acquisition and exploration of mineral properties. On August 22, 2019, the Company completed its Initial Public Offering (“IPO”) and is listed for trading on the TSX Venture Exchange (“TSX-V”) under the symbol “NTW.V”.

The head office of the Company is located at 310 – 119 West Pender Street, Vancouver B.C., V6B 1S5 and the registered and records office of the Company is located at 2080 – 777 Hornby Street, Vancouver B.C., V6Z 1S4.

The Company has not yet determined whether its exploration and evaluation assets contain mineral reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production. To date, the Company has not earned any revenues and is considered to be in the exploration stage.

**Going concern**

These condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Company has not generated revenues from its operations to date. As at June 30, 2020, the Company has accumulated net losses of \$688,409 since inception and has working capital of \$1,266,882. The operations of the Company have primarily been funded by the issuance of common shares. These condensed interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. Management estimates its current working capital will be sufficient to fund its current level of activities for the next twelve months.

If the going concern assumption was not appropriate for these condensed interim consolidated financial statements, then adjustments may be necessary to the carrying values of assets and liabilities, the reported expenses and the statement of financial position classifications used. Such adjustments could be material.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, has adversely affected workforces, customers, economies, and financial markets globally, leading to an economic downturn. It has also disrupted the normal operations of many businesses, including ours. This outbreak could decrease spending, adversely affect and harm our business and results of operations. It is not possible for us to predict the duration or magnitude of the adverse results of the outbreak and its effects on our business or results of operations at this time.

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION**

**Statement of compliance**

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and International Accounting Standards (“IAS”) 34 “Interim Financial Reporting” as issued by the International Accounting Standards Board (“IASB”).

**NORTHWAY RESOURCES CORP.**  
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED JUNE 30, 2020  
(Unaudited - Expressed in Canadian Dollars)

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**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)**

**Statement of compliance (continued)**

This financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the audited financial statements of the Company for the year ended March 31, 2020.

The accounting policies applied in preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's financial statements for the year ended March 31, 2020 except for the following:

Government Assistance

The Company received certain government assistance in the form of forgivable loans from the Canadian government in connection with the COVID-19 pandemic. When there is reasonable assurance that the amounts will be forgiven, the Company reduces the loan and credits the forgiven amounts to the related expenses. The Company includes government assistance that has not been forgiven or is repayable in accounts payable and accrued liabilities.

**Basis of presentation**

These condensed interim consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, except for financial instruments measured at fair value. The condensed interim consolidated financial statements are presented in Canadian dollars unless otherwise noted.

**Basis of consolidation**

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, 1223437 B.C. Ltd., Northway Resources Alaska Corporation, 1223615 B.C. Ltd., and Northway Napoleon Corporation. All significant intercompany accounts and transactions between the Company and its subsidiaries have been eliminated upon consolidation.

**Foreign currency translation**

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiaries is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates. Transactions in currencies other than Canadian dollars are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while nonmonetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

**Use of estimates and judgments**

The preparation of these consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from management's best estimates as additional information becomes available.

**NORTHWAY RESOURCES CORP.**  
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED JUNE 30, 2020  
(Unaudited - Expressed in Canadian Dollars)

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION (continued)**

**Use of estimates and judgments (continued)**

Significant areas requiring the use of management estimates and judgments include:

- (i) The determination of the fair value of the shares of the Company for the calculation of the share-based compensation.
- (ii) The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available to identify new business opportunities and working capital requirements, the outcome of which is uncertain.
- (iii) The determination that exploration, evaluation, and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

**NOTE 3 - EXPLORATION AND EVALUATION ASSETS**

|                                        | Healy            | Napoleon      | Total            |
|----------------------------------------|------------------|---------------|------------------|
|                                        | \$               | \$            | \$               |
| <b>Balance, March 31, 2019</b>         | <b>288,955</b>   | <b>41,085</b> | <b>330,040</b>   |
| Property acquisition and staking costs | 7,707            | -             | 7,707            |
| <i>Exploration expenditures:</i>       |                  |               |                  |
| Accommodation and related              | 38,730           | 735           | 39,465           |
| Analytical                             | 49,891           | 1,345         | 51,236           |
| Claim maintenance fees                 | 86,525           | 9,976         | 96,501           |
| Consulting                             | 106,514          | 8,065         | 114,579          |
| Drilling                               | 236,666          | -             | 236,666          |
| Geophysics                             | 10,495           | -             | 10,495           |
| Helicopter                             | 156,327          | -             | 156,327          |
| Legal and permitting                   | 4,366            | -             | 4,366            |
| Travel and related                     | 21,477           | -             | 21,477           |
| <b>Balance, March 31, 2020</b>         | <b>1,007,653</b> | <b>61,206</b> | <b>1,068,859</b> |
| Accommodation and related              | 1,081            | -             | 1,081            |
| Analytical                             | 803              | -             | 803              |
| Claim maintenance fees                 | 172              | -             | 172              |
| Drilling                               | 2,197            | -             | 2,197            |
| Geophysics                             | 49,800           | -             | 49,800           |
| Supplies and fuel                      | 357              | -             | 357              |
| <b>Balance, June 30, 2020</b>          | <b>1,062,063</b> | <b>61,206</b> | <b>1,123,269</b> |



**NORTHWAY RESOURCES CORP.**  
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED JUNE 30, 2020  
(Unaudited - Expressed in Canadian Dollars)

**NOTE 3 - EXPLORATION AND EVALUATION ASSETS (continued)**

**Healy property**

On July 31, 2018, the Company entered into an agreement (later amended in May 2019) with Newmont North America Exploration Limited ("Newmont") to acquire, by way of contribution (the "Contribution"), up to 70% of a property located in Fairbanks Recording District, Alaska (the "Healy Property").

The Company is entitled to acquire a 70% interest in the Healy Property upon incurring aggregate expenditures of US\$4,000,000 on the property during the phase 1 period of the Contribution.

The following is a summary of the Contribution earn-in requirements:

| <b>Period ("Phase 1 Period")</b> | <b>Exploration Requirement<br/>US\$</b> | <b>Aggregate Exploration<br/>Requirement<br/>US\$</b> |
|----------------------------------|-----------------------------------------|-------------------------------------------------------|
| On or before November 30, 2018   | (incurred) 140,000                      | 140,000                                               |
| On or before December 31, 2020   | (incurred) 360,000                      | 500,000                                               |
| On or before December 31, 2021   | 1,500,000                               | 2,000,000                                             |
| On or before December 31, 2022   | 2,000,000                               | 4,000,000                                             |

Pursuant to the agreement, the Company is required to fund US\$140,000 by November 30, 2018 (incurred) and US\$360,000 (incurred) by December 31, 2020, totaling US\$500,000 ("Mandatory Phase 1 Expenditures"). The Company may terminate the Contribution at any time, in its discretion, subject to satisfying any accrued obligations or liabilities including Mandatory Phase 1 Expenditures, as required.

Upon completing the Phase 1 earn-in requirement on the Healy Property, the value of the Company's initial contribution shall be deemed to be US\$4,000,000 (70% interest) and the value of Newmont's initial contribution shall be deemed to be US\$1,715,000 (30% interest). From and after the date on which the Company completes the Phase 1 earn-in requirement on the Healy Property, the Company and Newmont shall fund an adopted program on a pro-rata basis in accordance with their respective participating interests.

**Napoleon property**

The property is located in Fortymile District, Alaska and was acquired by staking with a payment of \$41,085.

In February 2020, the Company acquired a proprietary exploration database from Millrock Exploration Corp. and its affiliate (collectively "Millrock") relating to the Napoleon Project. As consideration, the Company granted to Millrock a 0.5% net smelter returns royalty on the Napoleon property and areas of interest, one-half of which may be acquired by the Company, at any time, for a one-time payment of US\$500,000 and is required to make annual advance royalty payments of US\$1,000.

**NOTE 4 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

|                       | <b>June 30,<br/>2020</b> | <b>March 31,<br/>2020</b> |
|-----------------------|--------------------------|---------------------------|
|                       | <b>\$</b>                | <b>\$</b>                 |
| Accounts payable      | 52,359                   | 18,525                    |
| Accrued liabilities   | 20,000                   | 57,761                    |
| Government assistance | 40,000                   | -                         |
|                       | <b>112,359</b>           | <b>76,286</b>             |

**NORTHWAY RESOURCES CORP.**  
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 5 - SHARE CAPITAL AND RESERVES**

**Authorized share capital**

The Company is authorized to issue an unlimited number of common shares without par value.

**Issued share capital**

In August 2019, the Company completed its IPO of 18,486,000 common shares at a price of \$0.10 per common share for gross proceeds of \$1,848,600 and incurred commission and other expenses totaling \$325,315. The Company issued 1,294,020 finders' warrants to its agent exercisable at a price of \$0.10 per share for a period of 24 months, valued at \$68,178, estimated using the Black-Scholes pricing model with the following assumptions: estimated life of two years, risk free interest rate of 1.33%, volatility of 100% and nil forecasted dividend yield.

In August 2019, the Company completed a private placement of 6,900,000 shares at a price of \$0.10 per share for gross proceeds of \$690,000 and incurred commission of \$46,200. The Company issued 462,000 finders' warrants to its agent exercisable at a price of \$0.10 per share for a period of 24 months, valued at \$24,341, estimated using the Black-Scholes pricing model with the following assumptions: estimated life of two years, risk free interest rate of 1.33%, volatility of 100% and nil forecasted dividend yield.

As at June 30, 2020, the Company has 12,000,000 shares subject to escrow pursuant to the requirements of the TSX-V, which will be released through August 2022.

**Share purchase warrants**

In connection with the IPO and private placement in August 2019, the Company issued 1,756,020 warrants with an exercise price of \$0.10 per warrant.

Warrant transactions are summarized as follows:

|                                                      | <b>Number of<br/>Warrants</b> | <b>Weighted Average<br/>Exercise Price</b> |
|------------------------------------------------------|-------------------------------|--------------------------------------------|
|                                                      |                               | \$                                         |
| Balance, March 31, 2019                              | 12,000,000                    | 0.10                                       |
| Issued                                               | 1,756,020                     | 0.10                                       |
| <b>Balance, March 31, 2020 and<br/>June 30, 2020</b> | <b>13,756,020</b>             | <b>0.10</b>                                |

A summary of the warrants outstanding and exercisable at June 30, 2020 is as follows:

| <b>Number of<br/>Warrants</b> | <b>Exercise Price</b> | <b>Expiry Date</b> |
|-------------------------------|-----------------------|--------------------|
|                               | \$                    |                    |
| 1,294,020                     | 0.10                  | August 22, 2021    |
| 462,000                       | 0.10                  | August 28, 2021    |
| 3,000,000                     | 0.10                  | September 15, 2023 |
| 2,000,000                     | 0.10                  | January 25, 2024   |
| 7,000,000                     | 0.10                  | March 19, 2024     |
| <b>13,756,020</b>             |                       |                    |

**NORTHWAY RESOURCES CORP.**  
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 5 - SHARE CAPITAL AND RESERVES (continued)**

**Stock options**

The Company's stock option plan provides for the issuance of stock options to its officers, directors, employees and consultants. Stock options are non-transferable and the aggregate number of shares that may be reserved for issuance pursuant to stock options may not exceed 10% of the issued shares of the Company at the time of granting. The exercise price and vesting terms of stock options is determined by the Board of Directors of the Company at the time of grant. Options may be granted for a maximum term of ten years from the date of the grant, and generally expire within 90 days of termination of employment, consulting arrangement or holding office as a director or officer of the Company, are subject to provisions as determined by the Board of Directors (the "Board") and, in the case of death, expire within one year thereafter. Upon death, the options may be exercised by legal representation or designated beneficiaries of the holder of the option.

In August 2019, the Company granted 2,000,000 stock options to its directors, officers and consultants with an exercise price of \$0.10 for a period of five years vest 25% immediately, and 25% every six months thereafter, with a fair value of \$148,819, estimated using the Black-Scholes pricing model with the following assumptions: estimated life of five years, risk free interest rate of 1.17%, volatility of 100% and nil forecasted dividend yield. During the year ended March 31, 2020, the Company expensed a total of \$108,728 as share-based compensation for values of stock options vested. In addition, 250,000 stock options expired unexercised, as a result, \$10,734 was reclassified from reserves to deficit.

During the three months ended June 30, 2020, the Company expensed a total of \$13,481 (June 30, 2019 - \$nil) as share-based compensation for values of stock options vested.

Stock options transactions are summarized as follows:

|                                                      | Number of Options | Weighted Average<br>Exercise Price |
|------------------------------------------------------|-------------------|------------------------------------|
|                                                      |                   | \$                                 |
| Balance, March 31, 2019                              | -                 | -                                  |
| Granted                                              | 2,000,000         | 0.10                               |
| Expired                                              | (250,000)         | 0.10                               |
| <b>Balance, March 31, 2020 and<br/>June 30, 2020</b> | <b>1,750,000</b>  | <b>0.10</b>                        |

A summary of the stock options outstanding and exercisable at June 30, 2020 is as follows:

| Number<br>Outstanding | Number<br>Exercisable | Exercise Price | Expiry Date     |
|-----------------------|-----------------------|----------------|-----------------|
|                       |                       | \$             |                 |
| 1,750,000             | 875,000               | 0.10           | August 22, 2024 |

**NOTE 6 - RELATED PARTY TRANSACTIONS**

During the three months ended June 30, 2020, the Company entered into the following transaction with related parties, not disclosed elsewhere in these condensed interim consolidated financial statements:

- Incurred rent of \$3,900 (June 30, 2019 - \$nil) to a company related by a common director and officer.
- As at June 30, 2020, \$nil (March 31, 2020 - \$1,365) was included in prepaid expenses paid to a company controlled by an officer and director in relation to rent.

**NORTHWAY RESOURCES CORP.**  
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 6 - RELATED PARTY TRANSACTIONS (continued)**

Summary of key management personnel compensation:

Key management personnel includes those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Board and corporate officers, including the Company's Chief Executive Officer and Chief Financial Officer.

|                          | <b>For the three months ended June 30,</b> |               |
|--------------------------|--------------------------------------------|---------------|
|                          | <b>2020</b>                                | <b>2019</b>   |
|                          | <b>\$</b>                                  | <b>\$</b>     |
| Management fees          | 28,000                                     | 10,333        |
| Professional fees        | -                                          | 262           |
| Share-based compensation | 11,169                                     | -             |
|                          | <b>39,169</b>                              | <b>10,595</b> |

**NOTE 7 - FINANCIAL RISK AND CAPITAL MANAGEMENT**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's receivables, and accounts payable and accrued liabilities, approximate their carrying values. The Company's other financial instrument, being cash, is measured at fair value using Level 1 inputs.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash is held in major Canadian financial institutions and its receivables are due from the Government of Canada. As such, the Company determined that it is not exposed to significant credit risk.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet liabilities when they become due. As at June 30, 2020, the Company has sufficient cash to settle its current liabilities. The Company will require additional funding to meet its long-term exploration obligations.

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return. The Company is not exposed to market risk.

**NORTHWAY RESOURCES CORP.**  
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 7 - FINANCIAL RISK AND CAPITAL MANAGEMENT (continued)**

- d) Currency risk  
The Company conducts exploration and evaluation activities in the United States. As such, it is subject to risk due to fluctuations in the exchange rates of the Canadian and US dollars. As at June 30, 2020, the Company had a monetary net asset of approximately US\$503,000. A 10% fluctuation in the exchange rate of the United States dollar against the Canadian dollar would affect the Company's cash and account payable by approximately \$50,300.
- e) Commodity price risk  
The ability of the Company to raise funds to explore and develop its exploration and evaluation assets and the future profitability of the Company are directly related to the price of gold and other precious metals. The Company monitors gold and precious metals prices to determine the appropriate course of action to be taken.

**NOTE 8 - SEGMENTED DISCLOSURE**

The Company has one operating segment, being the acquisition and exploration of exploration and evaluation assets. All non-current assets of the Company are located in the USA.

**NOTE 9 - CAPITAL MANAGEMENT**

The Company considers its capital to be comprised of shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will continue this method of financing due to the current difficult market conditions.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. Management reviews the capital structure on a regular basis to ensure that the above objectives are met. There have been no changes to the Company's approach to capital management during the three months ended June 30, 2020. The Company is not subject to any externally imposed capital requirements.

**NOTE 10 – SUBSEQUENT EVENTS**

- a) In July 2020, the Company acquired a proprietary exploration database from a vendor relating to the Napoleon Project. As consideration, the Company granted to the vendor a 1.0% net smelter returns royalty on the Napoleon property and areas of interest, one-half of which may be acquired by the Company, at any time, for a one-time payment of US\$1,000,000.
- b) In July 2020, the Company entered into a non-binding letter of intent with Kenorland Minerals Ltd. ("Kenorland"), whereby the Company will acquire all of the issued and outstanding securities of Kenorland by way of share exchange. The transaction is subject to a number of terms and conditions, including, but not limited to, the parties entering into a definitive agreement with respect to the transaction on or before August 31, 2020, the completion of satisfactory due diligence, the completion of a concurrent private placement of \$10 million, the completion of a share consolidation, the approval of the TSX-V and other applicable regulatory authorities.

**SCHEDULE “N”**

**MD&A OF NORTHWAY FOR THE THREE MONTHS ENDED JUNE 30, 2020**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE THREE MONTHS ENDED JUNE 30, 2020**

## GENERAL

The purpose of this Management Discussion and Analysis (“**MD&A**”) is to explain management’s point of view regarding the past performance and future outlook of Northway Resources Corp. (“**Northway**” or the “**Company**”). This report also provides information to improve the reader’s understanding of the financial statements and related notes as well as important trends and risks affecting the Company’s financial performance, and should therefore be read in conjunction with the Company’s unaudited condensed interim consolidated financial statements and notes for the three months ended June 30, 2020 (the “**Financial Statements**”) and the audited consolidated financial statements for the year ended March 31, 2020.

All information contained in this MD&A is current as of August 28, 2020 unless otherwise stated.

All financial information in this MD&A has been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

Additional information on the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com) and at the Company’s website, [www.northwayresources.com](http://www.northwayresources.com). The date of this MD&A is August 28, 2020.

## FORWARD LOOKING STATEMENTS

Certain statements and information contained in this MD&A constitute “forward-looking statements” and “forward looking information” within the meaning of applicable securities legislation. Forward-looking statements and forward looking information include statements concerning the Company’s current expectations, estimates, projections, assumptions and beliefs, and, in certain cases, can be identified by the use of words such as “**seeks**”, “**plans**”, “**expects**”, “**is expected**”, “**budget**”, “**estimates**”, “**intends**”, “**anticipates**”, or “**believes**”, or variations of such words and phrases or statements that certain actions, events or results “**may**”, “**could**”, “**should**”, “**would**”, “**might**” or “**will**”, “**occur**” or “**be achieved**”, or the negative forms of any of these words and other similar expressions.

Forward-looking statements and forward-looking information contained or incorporated by reference in this MD&A may relate to the Company’s future financial condition, results of operations, plans, objectives, performance or business developments including, among other things, potential property acquisitions, exploration and work programs, drilling plans and timing of drilling, the performance characteristics of the Company’s exploration and evaluation assets, exploration results of various projects of the Company, projections of market prices and costs, supply and demand for gold, silver and other base metals, expectations regarding the ability to raise capital and to acquire resources and/or reserves through acquisitions and/or development, treatment under governmental regulatory regimes and tax laws, and capital expenditure programs and the timing and method of financing thereof. Forward-looking statements and forward looking-information are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company as of the date of such statements and information, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The estimates and assumptions of the Company contained or incorporated by reference in this MD&A, which may prove to be incorrect, include, but are not limited to: (1) there being no significant disruptions affecting operations, whether due to labour disruptions, supply disruptions, power disruptions, damage to equipment, adverse weather conditions or otherwise; (2) permitting, access, exploration, expansion and acquisitions at our projects (including, without limitation, land acquisitions for and permitting of exploration plans) being consistent with the Company’s current expectations; (3) the viability, permitting, access, exploration and, if warranted, development of the Healy Project and the Napoleon Project being consistent with the Company’s current expectations; (4) political developments in the United States and the State of Alaska including, without limitation, the implementation of new mining laws and related regulations being consistent with the Company’s current expectations; (5) the exchange rate between the Canadian dollar and the U.S. dollar being approximately consistent with current levels; (6) certain price assumptions for gold, silver and other base metals; (7) prices for and availability of equipment, labor, natural gas, fuel oil, electricity, water and other key supplies remaining consistent with current levels; (8) the results of the Company’s exploration programs on the Healy



Project and the Napoleon Project being consistent with the Company's expectations; (9) labour and materials costs increasing on a basis consistent with the Company's current expectations; and (10) the availability and timing of additional financing being consistent with the Company's current expectations. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements and forward-looking information. Such factors include, but are not limited to: the timing and availability of additional capital, fluctuations in the currency markets; fluctuations in the spot and forward price of gold, silver or other commodities (such as diesel fuel and electricity); changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Canada, the United States, or other countries in which the Company may carry on business in the future; business opportunities that may be presented to, or pursued by, us; our ability to successfully integrate acquisitions; operating or technical difficulties in connection with exploration activities; employee relations; the speculative nature of gold and silver exploration and development, including the risks of obtaining necessary licenses and permits; competition for, among other things, capital, acquisitions of resources and/or reserves, undeveloped lands and skilled personnel, incorrect assessments of the value of acquisitions, geological, technical, drilling and processing problems, fluctuations in foreign exchange or interest rates and stock market volatility, changes in income tax laws or changes in tax laws and incentive programs relating to the mineral resource industry; and contests over title to properties, particularly title to undeveloped properties. In addition, there are risks and hazards associated with the business of mineral exploration, development and mining, including environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins, flooding and gold and/or silver bullion losses (and the risk of inadequate insurance, or the inability to obtain insurance, to cover these risks). Many of these uncertainties and contingencies can affect the Company's actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements or forward-looking information made by, or on behalf of, the Company. There can be no assurance that forward-looking statements and forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements and information. Forward-looking statements and forward-looking information are provided for the purpose of providing information about management's expectations and plans relating to the future. All of the forward-looking statements and forward-looking information made in this MD&A are qualified by these cautionary statements and those made in our other filings with applicable securities regulators in Canada including, but not limited to, the Financial Statements. These factors are not intended to represent a complete list of the factors that could affect the Company and readers should not place undue reliance on forward-looking statements or forward-looking information in this MD&A. The Company disclaims any intention or obligation to update or revise any forward-looking statements and forward-looking information, whether as a result of new information, future events or otherwise, or to explain any material difference between subsequent actual events and such forward-looking statements and forward-looking information, except to the extent required by applicable law.

The forward looking statements and forward-looking information contained herein are based on information available as of August 28, 2020.

## **OVERVIEW AND OVERALL PERFORMANCE**

In August 2019, the Company completed its Initial Public Offering ("IPO") and is currently listed as a "mining issuer" on the Tier 2 of the TSX Venture Exchange ("TSX-V") under the symbol "NTW.V".

### **Mineral Projects**

Currently, Northway holds interests in the Healy and Napoleon mineral projects located in Alaska, USA.

### Healy Project

The Company's flagship Healy Project is comprised of 198 State of Alaska mining claims and 30 State Selected claims currently designated as Native Selected covering 14,550 hectares of land located approximately 180km southeast of Fairbanks or 70km east of Delta Junction, within the Goodpaster mining district (the "**Healy Project**"). The Goodpaster mining district is host to the world-class Pogo gold mine currently operated by Northern Star Resources Limited (ASX:NST).

In July 2018, the Company entered into an agreement (later amended in May 2019) with Newmont North America Exploration Limited ("**Newmont**") to acquire up to 70% of the property by incurring aggregate expenditures of US\$4,000,000.

The Company is entitled to acquire a 70% interest in the Healy Project upon incurring aggregate expenditures of US\$4,000,000 on the property during the phase 1 period of the Contribution ("**Phase 1**").

The following is a summary of the Contribution earn-in requirements:

| Period ("Phase 1 Period")      | Exploration Requirement<br>US\$ | Aggregate Exploration<br>Requirement<br>US\$ |
|--------------------------------|---------------------------------|----------------------------------------------|
| On or before November 30, 2018 | (incurred) 140,000              | 140,000                                      |
| On or before December 31, 2020 | (incurred) 360,000              | 500,000                                      |
| On or before December 31, 2021 | 1,500,000                       | 2,000,000                                    |
| On or before December 31, 2022 | 2,000,000                       | 4,000,000                                    |

Pursuant to the agreement, the Company was required to fund US\$140,000 by November 30, 2018 (incurred) and US\$360,000 (incurred) by December 31, 2020, totaling US\$500,000 ("**Mandatory Phase 1 Expenditures**"), which has been completed. The Company, having completed the Mandatory Phase 1 Expenditures, may terminate the Contribution at any time in its discretion.

Upon completing the Phase 1 earn-in requirement on the Healy Project, the value of the Company's initial contribution shall be deemed to be US\$4,000,000 (70% interest) and the value of Newmont's initial contribution shall be deemed to be US\$1,715,000 (30% interest). From and after the date on which the Company completes the Phase 1 earn-in requirement on the Healy Project, the Company and Newmont shall fund an adopted program on a pro-rata basis in accordance with their respective participating interests.

Scientific and technical disclosure for the Healy Project is supported by the technical report with an effective date of December 15, 2018, entitled "Technical Report for the Healy Gold Project, Goodpaster Mining District, Alaska" and prepared by Curtis J. Freeman, BA, MS P.Geo, of Avalon Development Corp, qualified persons for the purposes of NI 43-101 (the "**Healy Technical Report**"). The Healy Technical Report was filed on SEDAR on July 30, 2019. It can be accessed at [www.sedar.com](http://www.sedar.com) under the Company's profile.

The Healy Project is located within the Goodpaster Mining District, which is part of the prolific Tintina Gold Province; host of significant deposits such as Donlin Creek, Fort Knox, Pogo, Coffee, Sheelite Dome and Dublin Gulch. The property straddles a regional contact between metamorphic basement rocks and Cretaceous igneous rocks, a recognized regional control for gold mineralisation. The project lies within the major north-east trending structural corridor of the Black Mountain Tectonic Zone. The Black Mountain Tectonic Zone is believed to be similar to other major north-east trending structures such as the Shaw Creek, Mt. Harper, Ketchumstuck and Sixtymile fault systems, all of which are associated with major mineral occurrences. Gold-in-soil geochemical anomalies are coincident with numerous north-east trending structures related to this major structural corridor.

The Healy Project area was first identified and staked by Newmont Corporation in 2012, following a two year regional stream sediment sampling program in eastern Alaska. Follow-up prospecting, mapping and systematic soil sampling defined numerous, kilometer-scale gold, arsenic and antimony in soil anomalies.

In September 2019, Northway Resources completed the first drilling on the property, a ten-hole, reconnaissance-style reverse circulation (RC) drill program at the Bronk target. All ten of the holes encountered gold mineralization at with intercepts including 0.42g/t gold over 49.4 meters. This work led to the discovery of widespread gold mineralization hosted within a 150-200m wide steeply dipping shear zone. The style of mineralization and alteration is consistent with other orogenic gold systems in the Tintina gold belt and represents one of seven compelling target areas that require further exploration. Gold mineralization was found to be associated with disseminated sulphides and quartz veins. Alteration associated with mineralization includes iron carbonate, fuchsite, and sericite. The 2019 drill results at Bronk reinforce Northway's belief that Healy could host significant gold mineralization

In June 2020, a comprehensive surface exploration program was completed on the Healy Project, including geochemical and geophysical surveys. Field teams collected 1820 infill soil samples covering seven discrete target areas. A ground electromagnetic (VLF) and magnetic survey was completed over the highest priority targets in order to define structures related to gold mineralization. In addition to the ground geophysical surveys, a helicopter magnetic and radiometric survey was flown over the extent of the target areas. A follow-up induced polarization (IP) survey is scheduled to start in September of this year. The results from these surveys will aid in future drill targeting.

#### Napoleon Project

The Napoleon project is comprised of a contiguous block of 108 unpatented lode claims (6,065 hectares) (the "**Napoleon Project**") located in Forty Mile Mining District, which is part of the prolific Tintina Gold Province; host of significant deposits such as Donlin Creek, Fort Knox, Pogo, Coffee, Sheelite Dome and Dublin Gulch. It was staked by Northway in 2018 after an analysis of regional geophysical and geochemical data identified the area a being highly prospective for gold mineralisation.

Between 1998 and 1999 soil sampling, prospecting, airborne and ground geophysics, and the excavation of 25 shallow trenches led to the discovery of five target areas: Main Zone, Saddle Zone, Trench 24 area, Twin Peaks and Burnt Ridge. Kennecott drilled 6 diamond drill holes and 10 reverse circulation holes and reported gold intercepts over 1.0 ppm in 8 of the 16 holes, with the best intercepts being 0.61m @ 34.71 g/t Au and 0.61m @ 14.74 g/t Au in the Main Zone, and 1.52m @ 6.56 g/t Au at Burnt Ridge. From 2000 and 2001, the Napoleon Project was explored by Teck Resources. Work during this time included an airborne magnetic and EM survey, soil and rock sampling and 11 diamond drill holes. The best reported diamond drill intercepts were 0.90m @ 20.59 g/t Au at Twin Peaks Zone, and 3.00m @ 8.49 g/t Au at the Saddle Zone. Northway's 100% owned Napoleon Project represents another exciting opportunity in Alaska; previous drill programs were successful at identifying high-grade gold mineralization associated with quartz veins. Our 2020 surface program at Napoleon should help better define structural controls on mineralization and aid in future drill targeting.

Mineralization at Napoleon is hosted in high-grade quartz veins, related to a regional shear zone which intersects the Jurassic aged Napoleon pluton. Gold mineralization is controlled by east-west and northwest trending shear zones within the Napoleon pluton, commonly kaolinite-quartz-carbonate altered. High-grade gold is associated with quartz-pyrite veins, with K-feldspar-sericite-pyrite altered selvages.

In 2019, the Company performed data compilation as well as a site visit to the Napoleon Project to inspect historical core and trenches.

In February 2020, the Company acquired a proprietary exploration database from Millrock Exploration Corp. and its affiliate (collectively “**Millrock**”) relating to the Napoleon Project. The database consists of significant geologic and geochemical data that will allow the Company to reduce the time and costs of generating drill targets on the property. As consideration, the Company granted to Millrock a 0.5% net smelter returns royalty on the Napoleon Project and areas of interest, one-half of which may be acquired by the Company, at any time, for a onetime payment of US\$500,000 and is required to make annual advance royalty payments of US\$1,000.

In July 2020, the Company acquired a proprietary exploration database from a vendor relating to the Napoleon Project. As consideration, the Company granted to the vendor a 1.0% net smelter returns royalty on the Napoleon Project and areas of interest, one-half of which may be acquired by the Company, at any time, for a onetime payment of US\$1,000,000.

In July 2020, a comprehensive surface exploration program was completed on the Napoleon property, including geochemical and geophysical surveys. A ground electromagnetic (VLF) and magnetic survey was completed over areas of historical drilling to delineate prospective structural features related to gold mineralization. In addition, field teams collected 550 infill soil samples over select target areas to refine gold in soil anomalies. The results from these surveys will aid in future drill targeting.

### **Exploration and Evaluation Properties**

For the three months ended June 30, 2020, the Company incurred exploration and evaluation expenditures of \$54,410 as compared to \$13,497 in the comparative period of 2019 as follows:

| <b>For the three months ended<br/>June 30, 2020</b> | <b>Healy</b>  | <b>Napoleon</b> | <b>Total</b>  |
|-----------------------------------------------------|---------------|-----------------|---------------|
|                                                     | \$            | \$              | \$            |
| <i>Exploration expenditures:</i>                    |               |                 |               |
| Accommodation and related                           | 1,081         | -               | 1,081         |
| Analytical                                          | 803           | -               | 803           |
| Claim maintenance fees                              | 172           | -               | 172           |
| Drilling                                            | 2,197         | -               | 2,197         |
| Geophysics                                          | 49,800        | -               | 49,800        |
| Supplies and fuel                                   | 357           | -               | 357           |
| <b>Total</b>                                        | <b>54,410</b> | <b>-</b>        | <b>54,410</b> |

| <b>For the three months ended<br/>June 30, 2019</b> | <b>Healy</b>  | <b>Napoleon</b> | <b>Total</b>  |
|-----------------------------------------------------|---------------|-----------------|---------------|
|                                                     | \$            | \$              | \$            |
| <i>Exploration expenditures:</i>                    |               |                 |               |
| Accommodation and related                           | 7,387         | 750             | 8,137         |
| Consulting                                          | 4,610         | 750             | 5,360         |
| <b>Total</b>                                        | <b>11,997</b> | <b>1,500</b>    | <b>13,497</b> |

The total cumulative acquisition and deferred exploration costs of the Company to June 30, 2020 are summarized as follows:

|                                        | <b>Healy</b>     | <b>Napoleon</b> | <b>Total</b>     |
|----------------------------------------|------------------|-----------------|------------------|
|                                        | <b>\$</b>        | <b>\$</b>       | <b>\$</b>        |
| <b>Balance, March 31, 2019</b>         | <b>288,955</b>   | <b>41,085</b>   | <b>330,040</b>   |
| Property acquisition and staking costs | 7,707            | -               | 7,707            |
| <i>Exploration expenditures:</i>       |                  |                 |                  |
| Accommodation and related              | 38,730           | 735             | 39,465           |
| Analytical                             | 49,891           | 1,345           | 51,236           |
| Claim maintenance fees                 | 86,525           | 9,976           | 96,501           |
| Consulting                             | 106,514          | 8,065           | 114,579          |
| Drilling                               | 236,666          | -               | 236,666          |
| Geophysics                             | 10,495           | -               | 10,495           |
| Helicopter                             | 156,327          | -               | 156,327          |
| Legal and permitting                   | 4,366            | -               | 4,366            |
| Travel and related                     | 21,477           | -               | 21,477           |
| <b>Balance, March 31, 2020</b>         | <b>1,007,653</b> | <b>61,206</b>   | <b>1,068,859</b> |
| Accommodation and related              | 1,081            | -               | 1,081            |
| Analytical                             | 803              | -               | 803              |
| Claim maintenance fees                 | 172              | -               | 172              |
| Drilling                               | 2,197            | -               | 2,197            |
| Geophysics                             | 49,800           | -               | 49,800           |
| Supplies and fuel                      | 357              | -               | 357              |
| <b>Balance, June 30, 2020</b>          | <b>1,062,063</b> | <b>61,206</b>   | <b>1,123,269</b> |

### Corporate Activities

In July 2020, the Company entered into a non-binding letter of intent with Kenorland Minerals Ltd. (“**Kenorland**”), whereby the Company will acquire all of the issued and outstanding securities of Kenorland by way of share exchange. Kenorland is a private exploration company incorporated under the laws of the Province of British Columbia and is based in Vancouver, British Columbia, Canada. Kenorland’s business model is mining project generation focused on early to advanced stage exploration assets.

Upon successful completion of the proposed acquisition of the securities of Kenorland (the “**Transaction**”), it is anticipated that the Company will be listed as a Tier 2 Mining issuer on the TSX-V and will carry on the combined business of Northway and Kenorland. The Transaction constitutes a ‘reverse takeover’ of the Company pursuant to Policy 5.2 of the TSX-V.

The transaction is subject to a number of terms and conditions, including, but not limited to, the parties entering into a definitive agreement with respect to the transaction on or before August 31, 2020, the completion of satisfactory due diligence, the completion of a concurrent private placement of \$10 million, the completion of the share consolidation of Northway on a 10 old for one new basis (the “**Consolidation**”), and the approval of the TSX-V and other applicable regulatory authorities.

Pursuant to the Transaction, the Company will issue common shares ("NTW Shares") to the holders of common shares in the capital of Kenorland ("Kenorland Shares") on the basis of approximately two post-Consolidation NTW Shares for each Kenorland Share. It is anticipated that approximately 30.05 million NTW Shares will be issued pursuant to the Transaction based on the current capital structure of Kenorland.

As Kenorland is the holder of 6,000,000 common shares of the Company, representing 14.50% of the current issued and outstanding shares, the Transaction constitutes a 'related party transaction' as defined in Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("MI 61-101"). As a result, the completion of the Transaction will be subject to majority of the minority shareholder approval requirements of MI 61-101.

The Company has appointed a special committee comprised of three independent directors to review and approve the Transaction.

Refer to the [July 29, 2020 news release](#) for more details of the Transaction.

### **SELECTED QUARTERLY INFORMATION**

All financial information in this MD&A has been prepared in accordance with IFRS.

The following financial data is derived from the Financial Statements:

|                                         | <b>For the three months ended June 30,</b> |             |
|-----------------------------------------|--------------------------------------------|-------------|
|                                         | <b>2020</b>                                | <b>2019</b> |
|                                         | <b>\$</b>                                  | <b>\$</b>   |
| Expenses                                | (105,049)                                  | (40,072)    |
| Loss and comprehensive loss             | (104,776)                                  | (40,072)    |
| Basic and diluted loss per common share | (0.00)                                     | (0.00)      |

|                                   | <b>As at June 30,</b> |             |
|-----------------------------------|-----------------------|-------------|
|                                   | <b>2020</b>           | <b>2019</b> |
|                                   | <b>\$</b>             | <b>\$</b>   |
| Working capital                   | 1,266,882             | 191,306     |
| Exploration and evaluation assets | 1,123,269             | 343,537     |
| Total assets                      | 2,502,510             | 625,196     |
| Total liabilities                 | 112,359               | 90,353      |

The Company's mineral projects are in the exploration stage and, to date, the Company has not generated any revenues other than interest income.

### **Operations**

As an exploration company, the Company has yet to generate any revenue from its planned operations and has, to date, incurred net losses from operating and administrative expenses.

The Company's operating and administrative expenses for the three months ended June 30, 2020 totalled \$105,049 (June 30, 2019 - \$40,072).

The table below details the changes in major expenditures for the three months ended June 30, 2020 as compared to the corresponding period ended June 30, 2019:

| Expenses                 | Increase / Decrease<br>in Expenses | Explanation for Change                                                                                             |
|--------------------------|------------------------------------|--------------------------------------------------------------------------------------------------------------------|
| Management fees          | Increase of \$17,667               | Increased due to new management fees to the CEO, CFO and VP Exploration in the current period.                     |
| Professional fees        | Decrease of \$7,304                | Decreased due to less corporate activities in the current period.                                                  |
| Share-based compensation | Increase of \$13,481               | Increased due to stock options granted in August 2019 while no share-based compensation in the comparative period. |

As at June 30, 2020, the Company had not yet achieved profitable operations and has accumulated losses of \$688,409 (March 31, 2020 - \$583,633) since inception. These losses resulted in a net loss per share (basic and diluted) for the three months ended June 30, 2020 of \$0.00 (June 30, 2019 - \$0.00).

### Summary of Quarterly Results

The following provides selected quarterly information for the Company's eight most recently completed quarters.

|                                    | June 30,<br>2020 | March 31,<br>2020 | December 31,<br>2019 | September 30,<br>2019 |
|------------------------------------|------------------|-------------------|----------------------|-----------------------|
|                                    | \$               | \$                | \$                   | \$                    |
| Total assets                       | 2,502,510        | 2,557,732         | 2,600,237            | 3,259,143             |
| Total liabilities                  | 112,359          | 76,286            | 9,393                | 612,239               |
| Working capital (deficiency)       | 1,266,882        | 1,412,587         | 1,509,981            | 1,629,797             |
|                                    |                  |                   |                      |                       |
| Loss and comprehensive loss        | (104,776)        | (111,660)         | (90,238)             | (127,312)             |
| Loss per share (basic and diluted) | (0.00)           | (0.00)            | (0.00)               | (0.00)                |

|                                    | June 30,<br>2019 | March 31,<br>2019 | December 31,<br>2018 | September 30,<br>2018 |
|------------------------------------|------------------|-------------------|----------------------|-----------------------|
|                                    | \$               | \$                | \$                   | \$                    |
| Total assets                       | 625,196          | 663,081           | 288,453              | 154,076               |
| Total liabilities                  | 90,353           | 88,165            | 286,825              | 325                   |
| Working capital (deficiency)       | 191,306          | 244,876           | (278,230)            | 59,426                |
|                                    |                  |                   |                      |                       |
| Loss and comprehensive loss        | (40,072)         | (26,712)          | (2,123)              | (196,250)             |
| Loss per share (basic and diluted) | (0.00)           | (0.00)            | (0.00)               | (0.06)                |

Variances quarter over quarter can be explained as follows:

In the quarters ended June 30, 2020, March 31, 2020, December 31, 2019, September 30, 2019, and September 30, 2018, the Company recorded share-based compensation of \$13,481, \$22,857, \$34,178, \$51,693, and \$196,000, respectively, contributing to significantly higher losses in these quarters compared to quarters in which no share-based compensation were recorded.



## **LIQUIDITY AND CAPITAL RESOURCES**

The Company's liquidity and capital resources are as follows:

|                                           | <b>June 30, 2020</b> | <b>March 31, 2020</b> |
|-------------------------------------------|----------------------|-----------------------|
|                                           | \$                   | \$                    |
| Cash                                      | 1,329,902            | 1,449,124             |
| Receivables                               | 2,747                | 25,176                |
| Prepaid expenses                          | 46,592               | 14,573                |
| Total current assets                      | 1,379,241            | 1,488,873             |
| Accounts payables and accrued liabilities | 112,359              | 76,286                |
| Working capital                           | 1,266,882            | 1,412,587             |

As at June 30, 2020, the Company had working capital of \$1,266,587 (March 31, 2020 - \$1,412,587). During the year ended March 31, 2020, the Company completed the IPO and a private placement consisting of 25,386,000 common shares at a price of \$0.10 per share for gross proceeds of \$2,538,600.

## **RISKS AND UNCERTAINTIES**

The business and operations of Northway are subject to numerous risks, many of which are beyond Northway's control. Northway considers the risks set out below to be some of the most significant to potential investors in the Company, but not all of the risks associated with an investment in securities of the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which Northway is currently unaware or which it considers to be material in relation to Northway's business actually occur, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of Northway's securities could decline and investors may lose all or part of their investment.

- (a) Northway has only recently completed its IPO. As such, it is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel and lack of revenues.
- (b) Northway has limited financial resources and no operating revenues. To earn and/or maintain its interest in the Healy Project and Napoleon Project, the Company has contractually agreed or is required to make certain payments and expenditures for and on such properties. Northway's ability to continue as a going concern is dependent upon, among other things, Northway establishing commercial quantities of mineral reserves on its properties and obtaining the necessary financing and permits to develop and profitably produce such minerals or, alternatively, disposing of its interests on a profitable basis, none of which is assured.
- (c) The Company is in the exploration stage and is currently seeking additional capital to develop its exploration properties. The Company's ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and, in the meantime, to obtain the necessary financing to meet its obligations and repay its liabilities when they become due. External financing, predominantly by the issuance of equity and debt, will be sought to finance the operations of the Company; however, there can be no certainty that such funds will be available at terms acceptable to the Company. These conditions indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.



- (d) The exploration for, and development of, mineral deposits involves a high degree of risk, which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing mines. Resource exploration and development is a 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, although present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors that are beyond the control of the Company and that cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection, the combination of which factors may result in the Company not receiving an adequate return on investment capital.
- (e) All of the properties in which the Company has an interest are without any mineral reserves. Whether a mineral deposit will be commercially viable depends on a number of factors, which include, without limitation, the particular attributes of the deposit, such as size, grade and proximity to infrastructure, metal prices, which fluctuate widely, and government regulations, including, without limitation, regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The combination of these factors may result in the Company expending significant resources (financial and otherwise) on a property without receiving a return. There is no certainty that expenditures made by the Company towards the search and evaluation of mineral deposits will result in discoveries of an economically viable mineral deposit.
- (f) The Company's operations will be subject to all of the hazards and risks normally encountered in the exploration, development and production of minerals. These include unusual and unexpected geological formations, rock falls, seismic activity, flooding and other conditions involved in the extraction 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 precautions to minimize risk will be taken, operations are subject to hazards that may result in environmental pollution, and consequent liability that could have a material adverse impact on the business, operations and financial performance of the Company.
- (g) All phases of the Company's operations with respect to the Healy Project and the Napoleon Project will be subject to environmental regulation in the United States. Changes in environmental regulation, if any, may adversely impact the Company's operations and future potential profitability. In addition, environmental hazards may exist on the Healy Project and the Napoleon Project which are currently unknown. The Company may be liable for losses associated with such hazards, or may be forced to undertake extensive remedial cleanup action or to pay for governmental remedial cleanup actions, even in cases where such hazards have been caused by previous or existing owners or operators of the properties, or by the past or present owners of adjacent properties or by natural conditions. The costs of such cleanup actions may have a material adverse impact on the Company's operations and future potential profitability.

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 the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

The Company may be subject to reclamation requirements designed to minimize long-term effects of mining exploitation and exploration disturbance by requiring the operating company to control possible deleterious effluents and to re-establish to some degree pre-disturbance land forms and vegetation. Any significant environmental issues that may arise, however, could lead to increased reclamation expenditures and could have a material adverse impact on the Company's financial resources.

- (h) The mining industry is capital intensive and subject to fluctuations in metal prices, market sentiment, foreign exchange and interest rates. It is also highly competitive in all its phases and Northway will be competing with other mining companies, many with greater financial, technical and human resources, in the search for, and the acquisition of, mineral resource properties and in the marketing of minerals.
- (i) Certain of the directors and officers of the Company will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including resources companies) and, as a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest
- (j) Northway has not declared or paid any dividends on its common shares and does not expect to do so in the foreseeable future. Future earnings, if any, will likely be retained to finance growth. Any return on investment in Northway's shares will come from the appreciation, if any, in the value thereof. The payment of any future dividends will depend upon the Company's earnings, if any, its then-existing financial requirements and other factors, and will be at the discretion of the Company's Board.
- (k) Northway faces risks related to health epidemics and other outbreaks of communicable diseases, which could significantly disrupt its operations and may materially and adversely affect its business and financial conditions. The Company's business could be adversely impacted by the effects of the coronavirus or other epidemics. In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, including Canada and the United States., and infections have been reported globally. The extent to which the coronavirus impacts our business, including its operations and the market for its securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the outbreak and the actions taken to contain or treat the coronavirus outbreak. In particular, the continued spread of the coronavirus globally could materially and adversely impact our business including without limitation, employee health, workforce productivity, increased insurance premiums, limitations on travel, the availability of industry experts and personnel, restrictions to its drill program and/or the timing to process drill and other metallurgical testing, and other factors that will depend on future developments beyond our control, which may have a material and adverse effect on the its business, financial condition and results of operations. There can be no assurance that the Company's personnel will not be impacted by these pandemic diseases and ultimately see its workforce productivity reduced or incur increased medical costs / insurance premiums as a result of these health risks. In addition, a significant outbreak of coronavirus could result in a widespread global health crisis that could adversely affect global economies and financial markets resulting in an economic downturn that could have an adverse effect on the demand for precious metals and our future prospects.

Readers are cautioned that the foregoing list of risks, uncertainties and other factors is not exhaustive.

#### **RELATED PARTY TRANSACTIONS AND BALANCES**

During the three months ended June 30, 2020, the Company entered into the following transactions with related parties, not disclosed elsewhere in the Financial Statements:

- Incurred management fees of \$12,500 (June 30, 2019 - \$8,333) to Zachary Flood, the President, CEO and director of the Company.
- Incurred rent of \$3,900 (June 30, 2019 - \$nil) to Kenorland, a company related by a common officer and director. As at June 30, 2020, \$nil (March 31, 2020 - \$1,365) was included in prepaid expenses in relation to rent.

- Incurred management fees of \$3,000 (June 30, 2019 - \$2,000) to a company controlled by Enoch Kong, the CFO and Corporate Secretary of the Company.
- Incurred management fees of \$12,500 (June 30, 2019 - \$nil) to Thomas Hawkins, the VP Exploration of the Company.
- Incurred professional fees of \$nil (June 30, 2019 - \$262) to a company controlled by Jay Sujir, a director of the Company.

Key management personnel includes those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Board and corporate officers, including the Company's Chief Executive Officer and Chief Financial Officer.

|                          | <b>For the three months ended June 30,</b> |               |
|--------------------------|--------------------------------------------|---------------|
|                          | <b>2020</b>                                | <b>2019</b>   |
|                          | <b>\$</b>                                  | <b>\$</b>     |
| Management fees          | 28,000                                     | 10,333        |
| Professional fees        | -                                          | 262           |
| Share-based compensation | 11,169                                     | -             |
|                          | <b>39,169</b>                              | <b>10,595</b> |

#### **OFF- BALANCE SHEET ARRANGEMENTS**

The Company has not entered into any off-balance sheet arrangements.

#### **CHANGES IN ACCOUNTING POLICIES**

There were no changes to the Company's accounting policies during the three months ended June 30, 2020, except for the following:

##### Government Assistance

The Company received certain government assistance in the form of forgivable loans from the Canadian government in connection with the COVID-19 pandemic. When there is reasonable assurance that the amounts will be forgiven, the Company reduces the loan and credits the forgiven amounts to the related expenses. The Company includes government assistance that has not been forgiven or is repayable in accounts payable and accrued liabilities.

#### **CRITICAL ACCOUNTING ESTIMATES**

The preparation of the Financial Statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the Financial Statements, and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from management's best estimates as additional information becomes available.

**FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's receivables, and accounts payable and accrued liabilities, approximate their carrying values. The Company's other financial instrument, being cash, is measured at fair value using Level 1 inputs.

The Company is exposed to a variety of financial risks by virtue of its activities including credit, liquidity, market, currency, and commodity price risk.

- a) Credit risk  
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company manages credit risk, in respect of cash, by placing at major Canadian financial institutions. The Company has minimal credit risk.
- b) Liquidity risk  
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet liabilities when they become due. As at June 30, 2020, the Company has sufficient cash to settle its current liabilities. The Company will require additional funding to meet its long-term exploration obligations.
- c) Market risk  
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return. The Company is not exposed to market risk.
- d) Currency risk  
The Company conducts exploration and evaluation activities in the United States. As such, it is subject to risk due to fluctuations in the exchange rates of the Canadian and US dollars. As at June 30, 2020, the Company had a net asset of approximately US\$503,000. A 10% fluctuation in the exchange rate of the United States dollar against the Canadian dollar would affect the Company's cash and account payable by approximately \$50,300.
- e) Commodity price risk  
The ability of the Company to raise funds to explore and develop its exploration and evaluation assets and the future profitability of the Company are directly related to the price of gold and other precious metals. The Company monitors gold and precious metals prices to determine the appropriate course of action to be taken.

## **INTERNAL CONTROL OVER FINANCIAL REPORTING PROCEDURES**

As a venture issuer, the Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are responsible to ensure that the Financial Statements and this MD&A do not contain any untrue statement of a 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 was made, with respect to the period covered by these filings, and that the financial report together with the other financial information included in these filings fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented in these filings. The certifying officers are also responsible for ensuring processes are in place to provide them with sufficient knowledge to support such representations.

However, in contrast to non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109"), the Company's certifying officers are not required to make 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. Accordingly, investors should be aware that inherent limitations on the ability of the Company's certifying officers 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 these annual filings as well as interim filings and other reports provided by the Company under securities legislation.

## **DISCLOSURE OF DATA FOR OUTSTANDING COMMON SHARES, STOCK OPTIONS, AND WARRANTS**

The following table summarizes the outstanding common shares, stock options, and warrants of the Company:

|               | <b>As at June 30, 2020</b> | <b>Date of this MD&amp;A</b> |
|---------------|----------------------------|------------------------------|
| Common shares | 41,386,000                 | 41,386,000                   |
| Stock options | 1,750,000                  | 1,750,000                    |
| Warrants      | 13,756,020                 | 13,756,020                   |

Details of the outstanding stock options:

| <b>Number of options<br/>outstanding</b> | <b>Number of options<br/>exercisable</b> | <b>Exercise price<br/>\$</b> | <b>Expiry date</b> |
|------------------------------------------|------------------------------------------|------------------------------|--------------------|
| 1,750,000                                | 1,312,500                                | 0.10                         | August 22, 2024    |

Details of the outstanding warrants:

| <b>Number of warrants</b> | <b>Exercise price<br/>\$</b> | <b>Expiry date</b> |
|---------------------------|------------------------------|--------------------|
| 1,294,020                 | 0.10                         | August 22, 2021    |
| 462,000                   | 0.10                         | August 28, 2021    |
| 3,000,000                 | 0.10                         | September 15, 2023 |
| 2,000,000                 | 0.10                         | January 25, 2024   |
| 7,000,000                 | 0.10                         | March 19, 2024     |
| 13,756,020                |                              |                    |

**OTHER MD&A REQUIREMENTS**

Additional information relating to the Company may be found on SEDAR at [www.sedar.com](http://www.sedar.com) including, but not limited to:

- the Financial Statements; and
- the Company's audited consolidated financial statements for the year ended March 31, 2020.

This MD&A has been approved by the Board on August 28, 2020.

**SCHEDULE “O”**

**PRO FORMA FINANCIAL STATEMENTS OF RESULTING ISSUER AS AT JUNE 30, 2020**

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**PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited - Prepared by Management)**

**(Expressed in Canadian Dollars)**

**June 30, 2020**



**NORTHWAY RESOURCES CORP.****PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

As at June 30, 2020

|                                          | Northway<br>June 30,<br>2020 | Kenorland<br>June 30,<br>2020 | Note                                 | Pro-forma<br>Adjustments                                         | Pro-forma<br>Consolidated<br>June 30,<br>2020 |
|------------------------------------------|------------------------------|-------------------------------|--------------------------------------|------------------------------------------------------------------|-----------------------------------------------|
|                                          | \$                           | \$                            |                                      | \$                                                               | \$                                            |
| <b>Assets</b>                            |                              |                               |                                      |                                                                  |                                               |
| <b>Current</b>                           |                              |                               |                                      |                                                                  |                                               |
| Cash and cash equivalents                | 1,329,902                    | 1,478,039                     | 2(c)<br>2(e)<br>2(e)                 | (350,000)<br>10,000,000<br>(700,000)                             | 11,757,941                                    |
| Receivables                              | 2,747                        | 637,184                       |                                      | -                                                                | 639,931                                       |
| Prepaid expenses                         | 46,592                       | 30,830                        |                                      | -                                                                | 77,422                                        |
|                                          | <u>1,379,241</u>             | <u>2,146,053</u>              |                                      | <u>8,950,000</u>                                                 | <u>12,475,294</u>                             |
| <b>Investment in equity instruments</b>  | -                            | 1,050,538                     | 2(d)                                 | (616,865)                                                        | 433,673                                       |
| <b>Exploration and evaluation assets</b> | 1,123,269                    | 1,116,936                     |                                      | -                                                                | 2,240,205                                     |
| <b>Equipment</b>                         | -                            | 15,272                        |                                      | -                                                                | 15,272                                        |
| <b>Right-of-use asset</b>                | -                            | 52,822                        |                                      | -                                                                | 52,822                                        |
|                                          | <u>2,502,510</u>             | <u>4,381,621</u>              |                                      | <u>8,333,135</u>                                                 | <u>15,217,266</u>                             |
| <b>Liabilities</b>                       |                              |                               |                                      |                                                                  |                                               |
| <b>Current</b>                           |                              |                               |                                      |                                                                  |                                               |
| Accounts payable and accrued liabilities | 112,359                      | 482,438                       |                                      | -                                                                | 594,797                                       |
| Advances received                        | -                            | 513,052                       |                                      | -                                                                | 513,052                                       |
| Current portion of lease liability       | -                            | 13,521                        |                                      | -                                                                | 13,521                                        |
| RSU liability                            | -                            | 69,503                        |                                      | -                                                                | 69,503                                        |
|                                          | <u>112,359</u>               | <u>1,078,514</u>              |                                      | <u>-</u>                                                         | <u>1,190,873</u>                              |
| <b>Lease liability</b>                   | -                            | 40,973                        |                                      | -                                                                | 40,973                                        |
|                                          | <u>112,359</u>               | <u>1,119,487</u>              |                                      | <u>-</u>                                                         | <u>1,231,846</u>                              |
| <b>Shareholders' equity</b>              |                              |                               |                                      |                                                                  |                                               |
| Share capital                            | 2,678,566                    | 3,089,770                     | 2(b)<br>2(b)<br>2(e)<br>2(e)<br>2(f) | (2,678,566)<br>5,055,142<br>10,000,000<br>(700,000)<br>(313,019) | 17,131,893                                    |
| Reserves                                 | 399,994                      | 398,511                       | 2(b)<br>2(f)                         | (399,994)<br>313,019                                             | 711,530                                       |
| Accumulated other comprehensive income   | -                            | (678)                         |                                      | -                                                                | (678)                                         |
| Deficit                                  | (688,409)                    | (225,469)                     | 2(b)<br>2(b)<br>2(c)<br>2(d)         | (2,664,991)<br>688,409<br>(350,000)<br>(616,865)                 | (3,857,325)                                   |
|                                          | <u>2,390,151</u>             | <u>3,262,134</u>              |                                      | <u>8,333,135</u>                                                 | <u>13,985,420</u>                             |
|                                          | <u>2,502,510</u>             | <u>4,381,621</u>              |                                      | <u>8,333,135</u>                                                 | <u>15,217,266</u>                             |

The accompanying notes are integral part of these pro-forma consolidated financial statements.

**NORTHWAY RESOURCES CORP.****PRO-FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS**

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

For the year ended March 31, 2020

|                                                 | <b>Northway</b>           | <b>Kenorland</b>          |             |                           |                           |
|-------------------------------------------------|---------------------------|---------------------------|-------------|---------------------------|---------------------------|
|                                                 | <b>For the year ended</b> | <b>For the year ended</b> |             | <b>Pro-forma</b>          | <b>Pro-forma</b>          |
|                                                 | <b>March 31,</b>          | <b>March 31,</b>          | <b>Note</b> | <b>Adjustments</b>        | <b>Consolidated</b>       |
|                                                 | <b>2020</b>               | <b>2020</b>               |             | <b>\$</b>                 | <b>\$</b>                 |
|                                                 | <b>\$</b>                 | <b>\$</b>                 |             |                           |                           |
| <b>Revenue</b>                                  | -                         | 926,346                   |             | -                         | 926,346                   |
| <b>Expenses</b>                                 |                           |                           |             |                           |                           |
| Advertising and marketing                       | 17,601                    | -                         |             | -                         | 17,601                    |
| Bank charges and interest                       | -                         | 7,416                     |             | -                         | 7,416                     |
| Conference and marketing                        | -                         | 8,590                     |             | -                         | 8,590                     |
| Consulting fees                                 | 16,486                    | 73,056                    |             | -                         | 89,542                    |
| Depreciation                                    | -                         | 19,906                    |             | -                         | 19,906                    |
| Foreign exchange loss (gain)                    | (14,738)                  | 46,707                    |             | -                         | 31,969                    |
| Geologists                                      | -                         | 230,959                   |             | -                         | 230,959                   |
| Insurance expense                               | 15,492                    | 20,141                    |             | -                         | 35,633                    |
| Interest on lease liability                     | -                         | 3,378                     |             | -                         | 3,378                     |
| Management fees                                 | 69,333                    | -                         |             | -                         | 69,333                    |
| Office and general                              | 12,270                    | 39,484                    |             | -                         | 51,754                    |
| Professional fees                               | 110,842                   | 127,713                   |             | -                         | 238,555                   |
| Property investigation costs                    | 2,000                     | 11,909                    |             | -                         | 13,909                    |
| Rent                                            | 7,600                     | 5,671                     |             | -                         | 13,271                    |
| Salaries and benefits                           | -                         | 160,215                   |             | -                         | 160,215                   |
| Share-based compensation                        | 108,728                   | 186,534                   |             | -                         | 295,262                   |
| Transfer and filing fees                        | 13,831                    | -                         |             | -                         | 13,831                    |
| Travel and related                              | 10,167                    | 35,474                    |             | -                         | 45,641                    |
|                                                 | <u>(369,612)</u>          | <u>(977,153)</u>          |             | <u>-</u>                  | <u>(1,346,765)</u>        |
| <b>Loss from operations</b>                     | <b>(369,612)</b>          | <b>(50,807)</b>           |             | <b>-</b>                  | <b>(420,419)</b>          |
| Listing expense                                 | -                         | -                         | 2(b)        | (2,664,991)               | (3,014,991)               |
|                                                 |                           |                           | 2(c)        | (350,000)                 |                           |
| Loss on cancellation of shares and warrants     | -                         | -                         | 2(d)        | (616,865)                 | (616,865)                 |
| Net change in fair value of investments         | -                         | 132,612                   | 2(g)        | (132,612)                 | -                         |
| Loss from investment in associate               | -                         | (18,807)                  | 2(h)        | 18,807                    | -                         |
| Impairment on exploration and evaluation assets | -                         | (128,527)                 |             | -                         | (128,527)                 |
| Interest income                                 | 330                       | -                         |             | -                         | 330                       |
| <b>Loss for the year</b>                        | <b><u>(369,282)</u></b>   | <b><u>(65,529)</u></b>    |             | <b><u>(3,745,661)</u></b> | <b><u>(4,180,472)</u></b> |

The accompanying notes are integral part of these pro-forma consolidated financial statements.

**NORTHWAY RESOURCES CORP.****PRO-FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS (CONTINUED)**

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

For the year ended March 31, 2020

|                                                 | <b>Kenorland</b>                                        |                                                              |                                                              |                                                      |
|-------------------------------------------------|---------------------------------------------------------|--------------------------------------------------------------|--------------------------------------------------------------|------------------------------------------------------|
|                                                 | <b>For the year<br/>ended<br/>December 31,<br/>2019</b> | <b>For the three<br/>months ended<br/>March 31,<br/>2019</b> | <b>For the three<br/>months ended<br/>March 31,<br/>2020</b> | <b>For the year<br/>ended<br/>March 31,<br/>2020</b> |
|                                                 | <b>\$</b>                                               | <b>\$</b>                                                    | <b>\$</b>                                                    | <b>\$</b>                                            |
| <b>Revenue</b>                                  | <u>787,735</u>                                          | <u>97,186</u>                                                | <u>235,797</u>                                               | <u>926,346</u>                                       |
| <b>Expenses</b>                                 |                                                         |                                                              |                                                              |                                                      |
| Bank charges and interest                       | 7,661                                                   | 1,660                                                        | 1,415                                                        | 7,416                                                |
| Conference and marketing                        | 8,256                                                   | 657                                                          | 991                                                          | 8,590                                                |
| Consulting fees                                 | 67,303                                                  | 5,273                                                        | 11,026                                                       | 73,056                                               |
| Depreciation                                    | 12,864                                                  | 258                                                          | 7,300                                                        | 19,906                                               |
| Foreign exchange loss (gain)                    | 50,400                                                  | 3,525                                                        | (168)                                                        | 46,707                                               |
| Geologists                                      | 190,901                                                 | 30,471                                                       | 70,529                                                       | 230,959                                              |
| Insurance expense                               | 17,452                                                  | 2,570                                                        | 5,259                                                        | 20,141                                               |
| Interest on lease liability                     | 2,233                                                   | -                                                            | 1,145                                                        | 3,378                                                |
| Office and general                              | 32,385                                                  | 5,822                                                        | 12,921                                                       | 39,484                                               |
| Professional fees                               | 90,764                                                  | 23,077                                                       | 60,026                                                       | 127,713                                              |
| Property investigation costs                    | 13,070                                                  | 14,598                                                       | 13,437                                                       | 11,909                                               |
| Rent                                            | 9,323                                                   | 3,932                                                        | 280                                                          | 5,671                                                |
| Salaries and benefits                           | 158,111                                                 | 31,120                                                       | 33,224                                                       | 160,215                                              |
| Share-based compensation                        | 133,591                                                 | 25,138                                                       | 78,081                                                       | 186,534                                              |
| Travel and related                              | <u>25,303</u>                                           | <u>4,433</u>                                                 | <u>14,604</u>                                                | <u>35,474</u>                                        |
|                                                 | <u>(819,617)</u>                                        | <u>(152,534)</u>                                             | <u>(310,070)</u>                                             | <u>(977,153)</u>                                     |
| <b>Loss from operations</b>                     | <b>(31,882)</b>                                         | <b>(55,348)</b>                                              | <b>(74,273)</b>                                              | <b>(50,807)</b>                                      |
| Gain on deconsolidation                         | 282,944                                                 | 282,944                                                      | -                                                            | -                                                    |
| Net change in fair value of investments         | 250,371                                                 | -                                                            | (117,759)                                                    | 132,612                                              |
| Loss from investment in associate               | (28,417)                                                | (9,610)                                                      | -                                                            | (18,807)                                             |
| Impairment on exploration and evaluation assets | <u>(128,527)</u>                                        | <u>-</u>                                                     | <u>-</u>                                                     | <u>(128,527)</u>                                     |
| <b>Income (loss) for the period</b>             | <u><b>344,489</b></u>                                   | <u><b>217,986</b></u>                                        | <u><b>(192,032)</b></u>                                      | <u><b>(65,529)</b></u>                               |

The accompanying notes are integral part of these pro-forma consolidated financial statements.

**NORTHWAY RESOURCES CORP.****PRO-FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS**

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

For the three months ended June 30, 2020

|                                         | <u>Northway</u>                   | <u>Kenorland</u>      |             |                         |                         |
|-----------------------------------------|-----------------------------------|-----------------------|-------------|-------------------------|-------------------------|
|                                         | <u>For the three months ended</u> |                       |             | <u>Pro-forma</u>        | <u>Pro-forma</u>        |
|                                         | <u>June 30, 2020</u>              |                       | <u>Note</u> | <u>Adjustments</u>      | <u>Consolidated</u>     |
|                                         | <u>\$</u>                         | <u>\$</u>             |             | <u>\$</u>               | <u>\$</u>               |
| <b>Revenue</b>                          | <u>-</u>                          | <u>109,640</u>        |             | <u>-</u>                | <u>109,640</u>          |
| <b>Expenses</b>                         |                                   |                       |             |                         |                         |
| Advertising and marketing               | 1,845                             | -                     |             | -                       | 1,845                   |
| Bank charges and interest               | -                                 | 2,040                 |             | -                       | 2,040                   |
| Consulting fees                         | -                                 | 14,788                |             | -                       | 14,788                  |
| Depreciation                            | -                                 | 7,899                 |             | -                       | 7,899                   |
| Foreign exchange loss                   | 30,466                            | (83)                  |             | -                       | 30,383                  |
| Geologists                              | -                                 | 66,823                |             | -                       | 66,823                  |
| Insurance expense                       | 6,200                             | 3,591                 |             | -                       | 9,791                   |
| Interest on lease liability             | -                                 | 1,030                 |             | -                       | 1,030                   |
| Management fees                         | 28,000                            | -                     |             | -                       | 28,000                  |
| Office and general                      | 2,459                             | 9,894                 |             | -                       | 12,353                  |
| Professional fees                       | 14,245                            | 50,097                |             | -                       | 64,342                  |
| Property investigation costs            | -                                 | 3,907                 |             | -                       | 3,907                   |
| Rent                                    | 3,900                             | 455                   |             | -                       | 4,355                   |
| Salaries and benefits                   | -                                 | 25,576                |             | -                       | 25,576                  |
| Share-based compensation                | 13,481                            | 140,225               |             | -                       | 153,706                 |
| Transfer and filing fees                | 4,453                             | -                     |             | -                       | 4,453                   |
| Travel and related                      | -                                 | 911                   |             | -                       | 911                     |
|                                         | <u>(105,049)</u>                  | <u>(327,153)</u>      |             | <u>-</u>                | <u>(432,202)</u>        |
| <b>Loss from operations</b>             | <b>(105,049)</b>                  | <b>(217,513)</b>      |             | <b>-</b>                | <b>(322,562)</b>        |
| Gain on sales of mineral claims         | -                                 | 77,716                |             | -                       | 77,716                  |
| Net change in fair value of investments | -                                 | 282,336               | 2(g)        | (148,663)               | 133,673                 |
| Interest income                         | <u>273</u>                        | <u>-</u>              |             | <u>-</u>                | <u>273</u>              |
| <b>Income (loss) for the period</b>     | <b><u>(104,776)</u></b>           | <b><u>142,529</u></b> |             | <b><u>(148,663)</u></b> | <b><u>(110,900)</u></b> |

The accompanying notes are integral part of these pro-forma consolidated financial statements.

**NORTHWAY RESOURCES CORP.****NOTES TO PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

June 30, 2020

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**1. BASIS OF PRESENTATION**

The accompanying unaudited pro-forma consolidated financial statements of Northway Resources Corp. (“Northway” or the “Company”) have been prepared by management in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) from information derived from the financial statements of Northway and the financial statements of Kenorland Minerals Ltd. (“Kenorland”) together with other information available to the Company. The unaudited pro-forma consolidated financial statements have been prepared for inclusion in an Information Circular dated November 27, 2020, in conjunction with the acquisition of 100% of the issued and outstanding share capital of Kenorland, pursuant to an amalgamation agreement (the “Transaction”). The acquisition is subject to acceptance by Northway and Kenorland’s shareholders and certain securities regulatory approvals. In the opinion of the Company’s management, the pro-forma consolidated financial statements include all adjustments necessary for fair presentation of the transactions as described below.

The unaudited pro-forma consolidated financial statements are not necessarily indicative of the financial position or results of operations which would have resulted if the combination had actually occurred as set out in Note 2.

The unaudited pro-forma consolidated financial statements should be read in conjunction with the March 31, 2020 audited consolidated financial statements and the June 30, 2020 unaudited interim consolidated financial statements of Northway, the December 31, 2019 audited amended and restated consolidated financial statements and the June 30, 2020 unaudited interim consolidated financial statements of Kenorland.

The unaudited pro-forma consolidated financial statements of the Company have been compiled from and include:

- a) Northway’s audited consolidated financial statements as at March 31, 2020;
- b) Northway’s unaudited interim consolidated financial statements as at June 30, 2020 for the three months then ended;
- c) Kenorland’s audited amended and restated consolidated financial statements as at December 31, 2019; and
- d) Kenorland’s unaudited interim consolidated financial statements as at June 30, 2020 for the three and six months then ended;
- e) the additional information set out in Note 2.

**2. PRO-FORMA TRANSACTIONS**

The pro-forma consolidated financial statements has been prepared based on the following assumptions:

- a) The unaudited pro-forma consolidated statement of financial position gives effect to the acquisition as if it had occurred on June 30, 2020. The unaudited pro-forma consolidated statement of comprehensive loss gives effect to the acquisition as if it occurred on the first day of the period presented.

**NORTHWAY RESOURCES CORP.****NOTES TO PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

June 30, 2020

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**2. PRO-FORMA TRANSACTIONS (continued)**

- b) Prior to the closing of the Transaction, the outstanding common shares of the Company will be consolidated on the basis of one (1) new Northway share (“Post-Consolidated Share”) for every seven (7) existing Northway shares (“Pre-Consolidated Shares”) (the “Share Consolidation”). As consideration for acquiring all of the issued and outstanding common shares of Kenorland, Northway will issue two (2) Post-Consolidated Shares for each issued and outstanding common share of Kenorland (the “Exchange Ratio”). As a result, Northway will issue 30,418,002 Post-Consolidated Shares to the shareholders of Kenorland.

As a result of the Transaction, Kenorland obtained control of the Company and is considered to have acquired the Company. The Transaction constituted a reverse takeover acquisition (“RTO”) of the Company by Kenorland and has been accounted for as a reverse acquisition transaction in accordance with the guidance provided in IFRS 2, Share-based Payments and IFRS 3, Business Combinations. As the Company did not qualify as a business pursuant to IFRS 3, the RTO does not constitute a business combination. Rather, it is treated as an issuance of common shares by Kenorland for the net assets of the Company and its public listing, with Kenorland as the continuing entity.

For accounting purposes, Kenorland is treated as the accounting parent (legal subsidiary) and the Company as the accounting subsidiary (legal parent). The fair value of consideration, less the fair value of net assets of the Company acquired by Kenorland constitutes the listing expense and has been recorded in the statement of loss and comprehensive loss.

The fair value of assets and liabilities of Northway acquired on the acquisition are as follows:

|                                          |                  |
|------------------------------------------|------------------|
|                                          | \$               |
| Cash and cash equivalents                | 1,329,902        |
| Receivables                              | 2,747            |
| Prepaid expenses                         | 46,592           |
| Exploration and evaluation assets        | 1,123,269        |
| Accounts payable and accrued liabilities | <u>(112,359)</u> |
| Net assets                               | <u>2,390,151</u> |

The total consideration for the acquisition was as follows:

|                                                                                                 |                    |
|-------------------------------------------------------------------------------------------------|--------------------|
|                                                                                                 | \$                 |
| Fair value of Post-Consolidated Shares of the Company prior to RTO<br>(5,055,142 common shares) | 5,055,142          |
| Less: net assets                                                                                | <u>(2,390,151)</u> |
| Excess consideration paid over the net assets of Northway                                       | <u>2,664,991</u>   |

The excess of the consideration over the net assets of Northway has been recorded as a listing expense.

- c) Northway and Kenorland will incur approximately \$350,000 in transaction costs relating to the Transaction. These costs are recorded as a listing expense.
- d) All Post-Consolidated Shares and warrants of Northway held by Kenorland will be cancelled without repayment of capital as a result of the Transaction.

**NORTHWAY RESOURCES CORP.****NOTES TO PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

June 30, 2020

**2. PRO-FORMA TRANSACTIONS (continued)**

- e) Kenorland will issue 10,000,000 share subscription receipts for gross proceeds of \$10,000,000. Each share subscription receipt entitles the holder to one Post-Consolidated Share. In connection with the financing, the Company will incur up to \$600,000 in cash commission and \$100,000 in cash expenses.
- f) Kenorland will issue 600,000 agent's warrants in connection with the above subscription receipts. Each agent's warrant entitles the holder to purchase one Post-Consolidated Share of the Company for a period of 2 years from the date of issuance at the price of \$1.00 per share. The fair value of the warrants granted was estimated at the date of grant to be \$313,019 using the Black-Scholes option-pricing model assuming an expected life of 2 years, a risk-free rate of 0.25% and an expected volatility of 100%
- g) The net change in fair value of investment of Kenorland as a result of the change in fair value of the investment in Northway has been reversed.
- h) The loss from investment in associate of Kenorland as a result of the share of net loss of Northway has been reversed.
- i) None of the Company's outstanding options and warrants were considered as exercised and will consolidate according to the Share Consolidation. All of Kenorland's outstanding share options and restricted share units will become exercisable into Northway Post-Consolidated Shares in accordance with their original terms having regard for the Exchange Ratio.

**3. SHARE CAPITAL**

Share capital as at June 30, 2020 in the unaudited pro-forma consolidated financial statements is comprised of the following:

|                                                    | <b>Note</b> | <b>Number of<br/>Shares</b> | <b>Share<br/>Capital</b> | <b>Reserves</b> |
|----------------------------------------------------|-------------|-----------------------------|--------------------------|-----------------|
|                                                    |             |                             | <b>\$</b>                | <b>\$</b>       |
| <b>Authorized</b>                                  |             |                             |                          |                 |
| Unlimited common shares without par value          |             |                             |                          |                 |
| <b>Issued</b>                                      |             |                             |                          |                 |
| Capital stock of Kenorland as at June 30, 2020     |             | 15,209,001                  | 3,089,770                | 398,511         |
| Reversal of Kenorland shares on recapitalization   | 2(b)        | (15,209,001)                | -                        | -               |
| Shares issued pursuant to recapitalization         | 2(b)        | 30,418,002                  | -                        | -               |
| Issued shares of Northway as at June 30, 2020      | 2(b)        | 41,386,000                  | 5,055,142                | -               |
| Northway Share Consolidation                       | 2(b)        | (35,473,714)                | -                        | -               |
| Cancellation of Northway shares owned by Kenorland | 2(d)        | (857,144)                   | -                        | -               |
| Shares issued on exercise of subscription receipts | 2(e)        | 10,000,000                  | 9,300,000                | -               |
| Agent's warrants issued                            | 2(f)        | -                           | (313,019)                | 313,019         |
|                                                    |             | <b>45,473,144</b>           | <b>17,131,893</b>        | <b>711,530</b>  |

**NORTHWAY RESOURCES CORP.**

**NOTES TO PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

June 30, 2020

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**4. INCOME TAXES**

The pro-forma effective income tax rate that will be applicable to the operations of the Company is 27%.



**SCHEDULE "P"**  
**INCENTIVE PLAN**

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## LONG-TERM EQUITY INCENTIVE PLAN

### KENORLAND MINERALS LTD.

#### ARTICLE 1

##### PURPOSE

1.1 **Purpose.** The purpose of this long-term equity compensation plan of the Corporation is to advance the interests of the Corporation and its Affiliates by (a) attracting, rewarding and retaining highly competent persons as Employees, Directors, and Consultants; (b) providing additional incentives to Employees, Directors, and Consultants as determined by the Board by aligning their interests with those of the Corporation's shareholders; and (c) promoting the success of the Corporation's business.

1.2 **Effective Date and Replacement.** The Plan shall become effective upon the receipt of all required shareholder and regulatory approvals (the "Effective Time").

#### ARTICLE 2

##### DEFINED TERMS

2.1 **Definitions.** The following terms used herein shall have the following meanings:

"**Affiliate**" means an entity which is an "affiliate" of the Corporation for the purposes of National Instrument 45-106 - *Prospectus Exemptions*;

"**Award**" means a Stock Appreciation Right, Restricted Share Unit, Deferred Share Unit or other Share-based Award granted pursuant to the Plan;

"**Black-Out Period**" means a time when, pursuant to any policies of the Corporation, any securities of the Corporation may not be traded by certain persons as designated by the Corporation, including any holder of an Award;

"**Board**" means the board of directors of the Corporation or, if established and duly authorized to act in respect of the Plan, a committee of the board of directors of the Corporation;

"**Business Day**" means any day, other than a Saturday or a Sunday, on which the Exchange is open for trading;

"**Change of Control**" means the occurrence of any of the following:

- (i) the sale by the Corporation of all of the assets of the Corporation or substantially all of the assets of the Corporation;
- (ii) the acquisition by any Person (whether from the Corporation or from any other Person) of Shares or other securities of the Corporation having rights of purchase, conversion or exchange into Shares which together with securities of the Corporation held by such Person, either alone or together with Persons "acting jointly or in concert" (as such phrase is defined by the Securities Act) with such Person, exceeds 50% of the issued and outstanding Shares, (assuming for this test the purchase, conversion or exchange of such other securities, whether then purchasable, convertible or exchangeable or not, into the highest number of Shares, such Person or Persons would be entitled to);
- (iii) the amalgamation of the Corporation with or into any one or more other corporations (other than: (a) an amalgamation of the Corporation with or into a subsidiary (as such term is defined in the Securities Act) of the Corporation; or (b) an amalgamation or merger of the Corporation unanimously recommended by the Board provided that the former holders of Shares receive, in the aggregate and in their capacities as such, shares of the amalgamated corporation having attached thereto not less than 50% of the votes attached to all shares of such amalgamated or merged corporation);
- (iv) the election at a meeting of the Corporation's shareholders of that number of persons which would represent a majority of the Board, who are not included in the slate for election as directors proposed to the Corporation's shareholders by the Corporation; or
- (v) the completion of any transaction or the first of a series of transactions which would have the same or similar effect as any transaction or series of transactions referred to in subsections (i), (ii), (iii) referred to above;

**"Consultant"** means an individual (other than an Employee or a Director) or Company (as such term is defined in the Exchange's Corporate Finance Manual Policy 1.1 - *Interpretation*), that:

- (i) is engaged to provide on an ongoing *bona fide* basis, consulting, technical, management or other services to the Corporation or an Affiliate, other than services provided in relation to a distribution of securities;
- (ii) provides the services under a written contract with the Corporation or an Affiliate and the individual or the Company, as the case may be;
- (iii) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or an Affiliate; and
- (iv) has a relationship with the Corporation or an Affiliate that enables the individual to be knowledgeable about the business and affairs of the Corporation;

**"Corporation"** means Kenorland Minerals Ltd., a corporation existing under the laws of the Province of British Columbia, and any successor corporation;

**"Deferred Share Units"** has the meaning set out in Section 11.1;

**“Director”** means a member of the board of directors of the Corporation or of any of its Affiliates;

**“Eligible Person”** means any Director, Officer, Employee, Management Company Employee or Consultant of the Corporation or any Affiliate determined by the Board as eligible for participation in the Plan;

**“Employee”** means an individual who is considered an employee of the Corporation or its Affiliates for the purposes of the Tax Act;

**“Exchange”** means the TSX Venture Exchange or, if the Shares are not then listed and posted for trading on the TSX Venture Exchange, on such stock exchange in Canada on which such Shares are listed and posted for trading as may be selected for such purpose by the Board;

**“Exercise Criteria”** means the criteria, if any, established by the Board in relation to an RSU Grant, which criteria are to be achieved during an RSU Grant Period by a Participant in respect of that particular RSU Grant in order that Restricted Share Units will be issued and which criteria may, without limitation, include vesting periods and criteria based on performance of the Shares in the market, financial performance by the Corporation and/or by a specific business unit of the Corporation and other corporate or individual measures;

**“Insider”** means:

- (i) a director or senior officer of the Corporation;
- (ii) a director or senior officer of an entity other than an individual that is an Insider or subsidiary of the Corporation;
- (iii) a person that beneficially owns or controls, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all outstanding voting securities of the Corporation; or
- (iv) the Corporation itself if it holds any of its own securities;

**“Management Company Employee”** means an individual employed by a Consultant providing management services to the Corporation, who is required for the ongoing successful operation of the business enterprise of the Corporation;

**“Market Price”** as at any date means the last closing price of the Shares on the Exchange on the last trading day immediately preceding the relevant date. In the event that the Shares are not then listed and posted for trading on any Exchange, the Market Price in respect thereof shall be the fair market value of such Shares as determined by the reasonable application by the Board of a reasonable valuation method;

**“Offer”** has the meaning set out in Section 6.1;

**“Officer”** means a senior officer of the Corporation or an Affiliate;

**“Option”** means an option granted to purchase Shares under the terms of the Option Plan;

**"Option Plan"** means the incentive stock option plan of the Corporation as the same may be in force from time to time;

**"Option Price"** means the price per share at which Shares may be purchased under an Option or based on which the SAR Amount is determined, as the same may be adjusted from time to time in accordance with Article 6 hereof;

**"Other Awards"** has the meaning set out in Section 12.1;

**"Participant"** means an Eligible Person who holds an Award under the terms of the Plan;

**"Payout Date"** in respect of a Deferred Share Unit means ten Business Days following the Termination Date;

**"Plan"** means this long-term equity compensation plan;

**"Release Date"** means, in respect of an RSU Grant unless otherwise determined by the Board, either (i) the date which is ten Business Days following each anniversary of the RSU Effective Date, or (ii) the date which is ten Business Days following the third anniversary of the RSU Effective Date, as specified in the award agreement;

**"Restricted Share Units"** has the meaning set out in Section 10.1;

**"RSU Effective Date"** means the date which the Board determines will be the date on which the RSU Grant will take effect;

**"RSU Grant"** means the grant of Restricted Share Units allocated to a Participant at any time in accordance with the Plan;

**"RSU Grant Period"** means the period established by the Board in respect of each RSU Grant, which period shall commence on the RSU Effective Date and end on the date designated by the Board, provided however that such period will not in any case exceed three years;

**"SAR Amount"** has the meaning set out in Section 8.2;

**"Securities Act"** means the *Securities Act* (British Columbia), as may be amended from time to time;

**"Share Purchase Program"** has the meaning set out in Section 9.1 hereof;

**"Shares"** mean the common shares of the Corporation as currently constituted or, in the event of an adjustment as contemplated by Article 6, such other shares or securities to which a Participant may be entitled or on which the value of an Award may be based, as a result of such adjustment;

**"SPP Eligible Person"** means any Eligible Person determined by the Board as eligible to participate in the Share Purchase Program;

**"Stock Appreciation Rights"** has the meaning set out in Section 8.1;

**"Subscription Amount"** has the meaning set out in Section 10.6;

“**Tax Act**” means the *Income Tax Act* (Canada) as amended from time to time; and

“**Termination Date**” means the date a Participant ceases to be (i) in the context of a Deferred Share Unit, an Employee and (ii) in all other contexts herein, an Eligible Person and, unless otherwise provided herein, does not include any period of statutory, contractual or reasonable notice or any period of salary continuance or deemed employment.

### **ARTICLE 3 ADMINISTRATION OF PLAN**

3.1 **General.** This Plan shall be administered by the Board which shall have the power, subject to the specific provisions of the Plan:

- (a) to establish policies and to adopt rules and regulations for carrying out the purposes, provisions and administration of the Plan;
- (b) to interpret and construe the Plan and to determine all questions arising out of the Plan and any Award granted pursuant to the Plan, where every such interpretation, construction or determination made by the Board shall be final, binding and conclusive for all purposes;
- (c) to determine the Eligible Persons to whom Awards are granted and to grant Awards;
- (d) to determine the number of Awards;
- (e) to determine the Exercise Criteria, in respect of any RSU Grant or exercise criteria, if any, in respect of a Deferred Share Unit;
- (f) to determine the Option Price of a SAR provided that the Option Price shall not be less than the Market Price;
- (g) to determine the time or times when Awards will be granted and exercisable or redeemable;
- (h) to determine if the Shares that are subject to an Award will be subject to any restrictions upon the exercise or redemption of such Award;
- (i) to prescribe the form of the instruments or award agreements relating to the grant, exercise, redemption and other terms of Awards;
- (j) to determine whether, to what extent, and under what circumstances an Award may be settled;
- (k) to correct any defect (including but not limited to amending an award agreement to comply with applicable law), supply any omission, or reconcile any inconsistency in the Plan or any award agreement in the manner and to the extent it shall deem desirable to carry out the purposes of the Plan;
- (l) to authorize withholding arrangements pursuant to Section 14.4 of the Plan;

- (m) to authorize any person to execute on behalf of the Corporation any instrument required to effect the grant of an Award previously granted by the Board; and
- (n) to make all other determinations and take all other actions described in the Plan or as the Board otherwise deems necessary or advisable for administering the Plan and effectuating its purposes.

The powers described in this Section 3.1 shall be exercised in accordance with applicable securities laws and the rules and policies of the Exchange.

3.2 **Delegation of Administration.** The Board may, from time to time, delegate the administration of all or any part of the Plan to a committee of the Board and shall determine the scope of and may revoke or amend such delegation.

3.3 **Award Agreement.** Each Participant shall execute an award agreement in the form determined by the Board from time to time. In the event of any inconsistency between the terms of any award agreement and this Plan, the terms of this Plan shall govern.

3.4 **Awards May be Separate or in Tandem.** In the Board's discretion, Awards may be granted alone, in addition to, or in tandem with any other Award or any award granted under another plan of the Corporation or an Affiliate. Awards granted in addition to or in tandem with other awards may be granted either at the same time or at different times.

#### ARTICLE 4 SHARES SUBJECT TO THE PLAN

4.1 **Maximum Number of Shares Issuable.** Subject to adjustment as provided in Article 6, the Shares to be issued under the Plan shall consist of the Corporation's authorized but unissued Shares. The aggregate number of Shares to be reserved for issuance upon the exercise or redemption of all Awards granted under the Plan shall not exceed 1,500,000 or such other number as may be approved by the Exchange and the shareholders of the Corporation from time to time. At all times the Corporation will reserve and keep available a sufficient number of Shares in such manner as it may consider appropriate in order to satisfy the requirements of all outstanding Awards made under the Plan and all other outstanding but unvested Awards made under the Plan that are to be settled in Shares.

4.2 **Award Limits.** Under no circumstances shall this Plan, together with all other security-based compensation arrangements of the Corporation, result, at any time, in:

- (a) the number of Shares issuable exceeding 10% of the issued and outstanding Shares (on a non-diluted basis); or
- (b) the issuance to Insiders, within a one-year period, of a number of Shares exceeding 10% of the issued and outstanding Shares (on a non-diluted basis).

4.3 **Restrictions on Awards and/or Options.** The allotment of Shares and the Corporation's obligation to issue Shares pursuant to this Plan and the Option Plan are subject to the following conditions:

- (a) subject to subsections Sections 4.3(b) and 4.3(c) hereof, no Eligible Person may be granted Awards and/or Options to acquire more than 5% of the issued and outstanding Shares (on a non-diluted basis, calculated as at the time of the grant of such Awards and/or Options) in any 12-month period unless the Corporation has obtained disinterested shareholder approval in connection therewith;
- (b) no Consultant may be granted Awards and/or Options to acquire more than 2% of the issued and outstanding Shares (on a non-diluted basis, calculated as at the time of the grant of such Awards and/or Options) in any 12-month period; and
- (c) the aggregate number of Awards and/or Options granted to Eligible Persons retained to provide investor relations activities shall not exceed 2% of the issued and outstanding Shares (on a non-diluted basis, calculated as at the time of the grant of such Awards and/or Options) in any 12-month period.

4.4 **Awards That Expire or Terminate.** If any Award granted hereunder shall expire or terminate for any reason without having been exercised or redeemed in full, the Shares underlying the Award shall again be available to be granted under the Plan.

4.5 **Restrictions on Exercise or Redemption.** Notwithstanding any of the provisions contained in the Plan or any Award, the Corporation's obligation to issue Shares to a Participant pursuant to the exercise or redemption of an Award shall be subject to:

- (a) the completion of such registration or other qualification of such Shares or the approval of the Exchange or such other regulatory authority as the Corporation shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof;
- (b) the admission of such Shares to listing on the Exchange; and
- (c) the receipt from the Participant of such representations, agreements and undertakings, including as to future dealings in such Shares as the Corporation or its counsel determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction.

In this regard, the Corporation shall, to the extent necessary, take all reasonable steps to obtain such approvals, registrations and qualifications as may be necessary for the issuance of such Shares in compliance with applicable securities laws and for the listing of such Shares on the Exchange. If any Shares cannot be issued to any Participant for any reason including, without limitation, the failure to obtain necessary shareholder, regulatory or stock exchange approval, then the obligation of the Corporation to issue such Shares shall terminate and any amounts paid by the Participant to the Corporation to exercise or redeem an Award shall be returned to the Participant.

4.6 **Non-Assignable.** An Award is personal to the Participant and is non-assignable and non-transferable, except with the prior written consent of the Corporation and any required consent of the Exchange and any other applicable regulatory authority. Notwithstanding the foregoing, an Award granted to a Consultant that is a company or partnership, may be assigned to a Management Company Employee of such Consultant.



4.7 **Substitute Awards.** Subject to Exchange approval, the Board may grant Awards under the Plan in substitution for share and share-based awards held by employees, directors, consultants or advisors of another company (an “**Acquired Company**”) in connection with a merger, consolidation or similar transaction involving such Acquired Company and the Corporation or an Affiliate or the acquisition by the Corporation or an Affiliate of property or stock of the Acquired Company. The Board may direct that the substitute Awards be granted on such terms and conditions as the Board considers appropriate in the circumstances.

## **ARTICLE 5**

### **ELIGIBILITY AND CEASING TO BE AN ELIGIBLE PERSON**

5.1 **Eligible Persons.** Awards may only be granted to Eligible Persons. For Awards granted to Employees, Consultants or Management Company Employees, the Corporation and the Participant are responsible for ensuring and confirming that the Participant is a *bona fide* Employee, Consultant or Management Company Employee, as the case may be.

5.2 **Compliance with Laws.** Notwithstanding any provision contained in this Plan, no Participant may exercise or redeem any Award granted under this Plan and no Shares may be issued upon exercise or redemption of an Award unless such exercise or redemption and issuance are in compliance with all applicable securities laws or other legislation of the jurisdiction of residence of such person and in compliance with the terms of the Plan. Unless the potential Participant is a resident of Canada, the Corporation may require, as a condition of the grant of an Award, that the potential Participant provide a written acknowledgement that the grant of the Award does not violate any such laws.

5.3 **Termination Date.** Subject to Section 5.4, 5.5 and 5.6 and any express resolution passed by the Board, all Awards, and all rights to acquire Shares pursuant thereto, granted to an Eligible Person shall expire and terminate immediately upon the Participant’s Termination Date.

5.4 **Circumstances When Awards are Exercisable.** If, before the expiry of an Award in accordance with the terms thereof, a Participant ceases to be an Eligible Person for any reason whatsoever, other than termination by the Corporation for cause (in which case all unexercised or unredeemed Awards (vested or unvested) shall cease immediately), such Awards may, subject to:

- (a) the terms set out in the Award agreement;
- (b) any determination made by the Board to accelerate the vesting of or to extend the expiry of an Award; and
- (c) any other terms of the Plan,

be exercised or redeemed, as applicable:

- (d) if the Participant is deceased, by the heirs of the Participant or by legal personal representative(s) of the estate of the Participant at any time within six months following the death of the Participant; or
- (e) by the Participant at any time within 90 days following the Termination Date.

But, in any case, subject to any determination of the Board, the exercise or redemption of the Award must be: (i) prior to the expiry of the RSU Grant Period, in respect of Restricted Share Units, and (ii) prior to the expiry of the Award in the case of Other Awards under the Plan, and in each case only to the extent that the Award was vested or the Exercise Criteria was satisfied and the Participant was otherwise entitled to exercise the Award at the Termination Date.

#### **5.5 Death or Termination of Employment.**

- (a) Notwithstanding Section 5.4, in the event of the death of a Participant while in the employment of the Corporation or any Affiliate, all Awards granted to that Participant prior to the date of death shall be deemed to be vested in the Participant or to have had the Exercise Criteria relating thereto satisfied on the date of death.
- (b) Except as specifically provided for in this Plan or in any award agreement, or as otherwise agreed to or determined by the Board, if the employment of a Participant with the Corporation or any Affiliate is terminated for any reason prior to the exercise or redemption of any Award, then the Participant shall be deemed to have forfeited all right, title and interest with respect to any Award not fully vested or in respect of which the Exercise Criteria has not been satisfied upon that Participant's last day of such employment which shall be considered to be:
  - (A) if the Participant is terminated for just cause, the actual date of termination; and
  - (B) if the Participant is terminated for reasons other than just cause, the date at the conclusion of any statutory, contractual or common law period of notice of termination of employment to which that Participant is entitled.
- (c) Notwithstanding the foregoing, in the event that a Participant's employment with the Corporation or any Affiliate is terminated without just cause or if the Participant resigns from such employment then, at the sole and unfettered discretion of the Board, all or any portion of the Awards granted to that Participant may be deemed to have vested or to have had the Exercise Criteria relating thereto satisfied on the date of termination or resignation.

5.6 **Another Listed Category.** Awards shall not be affected in the event the Participant ceases to fall within a listed category contained in the definition of an "Eligible Person" hereunder where such Participant falls within another listed category of such definition.

### **ARTICLE 6 CERTAIN ADJUSTMENTS**

6.1 **Offer for Shares.** In the event that any formal bid (as defined in the Securities Act) for the Shares is made (an "Offer"), all Shares subject to outstanding Awards not then exercisable or redeemable shall thereupon become immediately exercisable or redeemable. Further, the Participant shall be entitled to include in the written notice of election to exercise or redeem all or any part of the Award that such Participant is electing to exercise or redeem the Award with the intention of tendering the Shares acquired upon such exercise or redemption into the Offer. If such election is made, in the event that the Offer is not completed and the relevant Shares are not taken up and paid for by the offeror under such

Offer (or a competing Offer), the Participant shall, upon return of certificates representing such Shares, be deemed not to have exercised or redeemed the Award with respect to such Shares and the Corporation shall return to the Participant the subscription proceeds therefor and/or take such other actions to enable the parties to re-establish as closely as possible their situations and respective economic positions as they existed prior to the making of the Offer and had no Awards become exercisable or redeemable as a result thereof, while making allowance for taxation, regulatory and other irreversible events and consequences which may have intervened since the making of the Offer.

6.2 **Changes in Shares.** In the event of any stock dividend, stock split, combination or exchange of shares, merger, amalgamation, acquisition, divestiture, consolidation, spin-off or other distribution (other than normal cash dividends) of the Corporation's assets to shareholders, or any other change in the capital of the Corporation affecting Shares, the Board will, subject to Exchange approval, make such proportionate adjustments, if any, as the Board in its discretion may deem appropriate to reflect such change, with respect to (i) the number or kind of Shares or other securities reserved for issuance pursuant to this Plan; (ii) the number or kind of Shares or other securities subject to unexercised or unredeemed Awards previously granted; and (iii) the Option Price or the Market Price of a Share at the date of grant, as applicable, of Awards.

6.3 **No Fractional Shares.** The Corporation will not issue fractional Shares in satisfaction of any of its obligations hereunder.

6.4 **Accelerated Exercise or Redemption of Awards.** Notwithstanding any other provision of the Plan, the Board may at any time give written notice to all Participants advising that their respective Awards (other than a Deferred Share Unit) are all immediately exercisable or redeemable and may be exercised or redeemed only within 30 days of such written notice or such other period as determined by the Board and not thereafter and that all rights of the Participants under any Awards (other than a Deferred Share Unit) not exercised or redeemed within such period will terminate at the expiration of such period.

6.5 **Payment on Change of Control.** Notwithstanding any other provision of the Plan, in the event of the occurrence of a Change of Control of the Corporation or of an Affiliate of which a Participant is an employee, with respect to all RSU Grants, Stock Appreciation Rights and Deferred Share Units that are outstanding for such Participant on the date of the Change of Control (the "CoC Date"), (i) all vesting criteria and Exercise Criteria, if any, applicable to such Restricted Share Units, Stock Appreciation Rights and Deferred Share Units shall be deemed to have been satisfied as of the CoC Date and (ii) except as may be otherwise provided under the terms of any other employee benefit plan approved by the Board, each Participant who has received any such RSU Grants or Stock Appreciation Rights shall be entitled to receive, in full settlement of such RSU Grants or Stock Appreciation Rights, a cash payment equal (A) in the case of a Restricted Share Unit, the Special Value (as defined below) and, (B) in the case of a Stock Appreciation Right, the difference between the Special Value and the Option Price in respect of such Stock Appreciation Right, in each case, payable on the date which is ten Business Days following the CoC Date. For greater certainty, the occurrence of a Change of Control will not trigger the right of a Participant to receive a payment in respect of a Deferred Share Unit prior to the Termination Date for such Participant.

For the purpose of this Section 6.5, the term "**Special Value**" means an amount determined as follows: (i) if any Shares are sold as part of the transaction constituting the Change of Control, then the Special Value shall equal the weighted average of the prices paid for those Shares by the acquirer, provided that if any portion of the consideration paid for such Shares by the acquirer is paid in property other than cash, then the Board (as constituted immediately prior to the CoC Date) shall determine the fair market value of such property as of the CoC Date for purposes of determining the Special Value; and

(ii) if no Shares are sold as part of the transaction constituting the Change of Control, then the Special Value shall be the Market Price of a Share on the day immediately preceding the CoC Date.

## **ARTICLE 7 OPTIONS**

7.1 **Grant of Options under the Option Plan.** The Board may, from time to time, grant Options under the Option Plan and, except as provided in Section 4.2 hereof, any Shares issuable pursuant to the exercise of such Options shall not reduce the aggregate maximum number of Shares which may be reserved for issuance upon the exercise or redemption of Awards granted under this Plan.

## **ARTICLE 8 STOCK APPRECIATION RIGHTS**

8.1 **Grants of Share Appreciation Rights.** The Board may grant rights (“**Stock Appreciation Rights**”) to Eligible Persons either on a stand-alone basis or in relation to any Option. Where a Stock Appreciation Right is granted in relation to an Option, it shall be a right in respect of the same number of Shares and shall have the same Option Price as the Option.

8.2 **Stock Appreciation Rights.** Subject to Sections 8.3 and 8.4, a Stock Appreciation Right is the right to receive a cash payment equal to the excess, if any, of:

- (a) the Market Price of a Share on the date such Stock Appreciation Right is exercised over;
- (b) the Option Price,

multiplied by the number of Shares in respect of which the Stock Appreciation Right is being exercised, less any amount required to be withheld by applicable law (the “**SAR Amount**”).

8.3 **Terms of Stock Appreciation Rights Granted in Connection with an Option.** Stock Appreciation Rights granted in relation to an Option shall be exercisable only at the same time, by the same persons and to the same extent, that the related Option is exercisable. Upon the exercise of any Stock Appreciation Right related to an Option, the corresponding portion of the related Option shall be surrendered to the Corporation and cancelled and upon the exercise of any Option which has an accompanying Stock Appreciation Right, the corresponding portion of the related Stock Appreciation Right shall be surrendered to the Corporation and cancelled. In the sole discretion of the Corporation, the Corporation may elect to satisfy the exercise of a Stock Appreciation Right by issuing to the Participant Shares which have a Market Price as at the date of exercise of the Stock Appreciation Right, equal to the SAR Amount. The Corporation, in its sole discretion, may elect in respect of any payment made upon the exercise of a Stock Appreciation Right related to an Option, that neither the Corporation nor any of its Affiliates will deduct any amount in respect of any such payment in computing its taxes under the Tax Act. Any decision to make such election in connection with any particular payment shall not bind the Corporation to make an election in connection with any other payment made in respect of the exercise of a Stock Appreciation Right.

8.4 **Terms of Stock Appreciation Rights Granted on a Stand-Alone Basis.** Stock Appreciation

Rights granted on a stand-alone basis shall be granted on such terms as shall be determined by the Board and set out in the award agreement (including any terms pertaining to vesting and settlement), provided that the Option Price shall not be less than the Market Price on the date of grant.

## ARTICLE 9 SHARE PURCHASE PROGRAM

9.1 **Grant of Options and/or Stock Appreciation Rights for Shares Purchased.** The Board may institute a share purchase program (the “**Share Purchase Program**”) for SPP Eligible Persons pursuant to which the Board may grant to each SPP Eligible Person one Option and/or one Stock Appreciation Right for each Share purchased by the SPP Eligible Person up to a maximum number of Options and/or Stock Appreciation Rights for any one SPP Eligible Person as may be reasonably determined from time to time by the Board. Any such Options for SPP Eligible Persons will be granted under and governed by the Option Plan.

9.2 **Terms of Grants Pursuant to Share Purchase Program.** Options and Stock Appreciation Rights granted pursuant to the Share Purchase Program shall be granted on such terms as shall be reasonably determined by the Board and set out in the Award agreement but shall otherwise be subject to the provisions of the Option Plan or this Plan, as applicable.

## ARTICLE 10 RESTRICTED SHARE UNITS

10.1 **Grants of Restricted Share Units.** The Board may Grant rights (“**Restricted Share Units**”) to Eligible Persons. The Board shall designate the number of Restricted Share Units granted.

10.2 **Restricted Share Units.** A Restricted Share Unit is the right, subject to the level of achievement of Exercise Criteria or vesting or other criteria determined by the Board at the date of the Grant, to receive one Share issued from treasury for each Restricted Share Unit redeemed or a payment in cash determined in accordance with Section 10.5.

10.3 **Terms of Restricted Share Units.** Restricted Share Units shall be granted on such terms as shall be determined by the Board and set out in the award agreement. Without limiting the generality of the forgoing, subject to the provisions of the Plan, the Board shall, in its sole discretion and from time to time, determine the Eligible Persons to whom Grants will be made based on its assessment, for each Participant, of the current and potential contribution of such Eligible Person to the success of the Corporation. At such time, the Board shall also determine, in connection with each RSU Grant, the RSU Effective Date thereof, the number of Restricted Share Units to be allocated, the RSU Grant Period applicable thereto and any applicable vesting terms for such RSU Grant, the Exercise Criteria, if any, and such other terms and conditions which the Board considers appropriate to the RSU Grant in question (including any dividend equivalent entitlements), and which terms and conditions need not be identical as between any two RSU Grants, whether or not contemporaneous.

10.4 **Redemption of Restricted Share Units.** Subject to the provisions of the Plan and award agreement, a Restricted Share Unit shall be redeemed and paid (or Shares issued) on the first Release Date following the satisfaction of the Exercise Criteria in respect of such Restricted Share Unit.

10.5 **Redemption in Cash.** Any award agreement may provide that a Participant, or that Participant’s estate, if applicable, may elect to have some or all of its Restricted Share Units described in such award

agreement settled by the payment of cash. Where the Participant is an Employee, the settlement date shall be prior to the third anniversary date of the grant of the Restricted Share Unit. If the award agreement in question does not provide such election right to the Participant thereunder and also does not specify that there will be no election to settle Restricted Share Units by the payment of cash, then the Corporation will have the option to settle some or all of such Restricted Share Units by the payment of cash. Where a Participant is to receive cash in settlement of Restricted Share Units, then that Participant shall receive a cash payment equal to the number of Restricted Share Units being settled, multiplied by the Market Price on the Release Date applicable to such Restricted Share Units.

10.6 **Election to Subscribe for Shares.** Where a Participant is to receive cash in settlement of Restricted Share Units, the Participant may elect to apply all or part of such cash to a subscription for Shares. Such an election must be made five Business Days prior to the Release Date by delivery to the Corporation at its principal office of a written notice of election addressed to the Chief Financial Officer of the Corporation in a form approved by the Board from time to time setting out, among other things, the amount of such cash to be used to subscribe for Shares (such amount, the “**Subscription Amount**”) and the registration particulars related thereto. Where a Participant elects to subscribe for Shares, then that Participant shall be entitled to that number of Shares as is equal to the Subscription Amount divided by the Market Price on the Release Date. Any Shares issued pursuant to this right will be issued on the Release Date, provided to the Participant as soon as practicable thereafter and will be considered Shares issued pursuant to the Plan.

## **ARTICLE 11 DEFERRED SHARE UNITS**

11.1 **Grants of Deferred Share Units.** The Board may grant rights (“**Deferred Share Units**”) to Eligible Persons who are Employees. The Board shall designate the number of Deferred Share Units granted.

11.2 **Deferred Share Units.** A Deferred Share Unit is the right to receive a cash payment equal to the Market Price of a Share on the Termination Date, less any amount required to be withheld by applicable law or, if applicable, one fully paid and non-assessable Share issued from treasury.

11.3 **Terms of Deferred Share Units.** Deferred Share Units shall be granted on such terms as shall be determined by the Board and set out in the award agreement. Without limiting the generality of the foregoing, subject to the provisions of the Plan, the Board shall, in its sole discretion and from time to time, determine the Eligible Persons to whom grants will be made based on its assessment, for each Participant, of the anticipated contribution of such Eligible Person to the success of the Corporation. At such time, the Board shall also determine, in connection with each grant, the effective date thereof, the number of Deferred Share Units to be allocated, and such other terms and conditions which the Board considers appropriate to the grant in question, and which terms and conditions need not be identical as between any two grants, whether or not contemporaneous.

11.4 **Redemption of Deferred Share Units.** Subject to the provisions of the Plan and award agreement, a Deferred Share Unit held by a Participant shall be redeemed by the Corporation on the Payout Date, unless otherwise agreed to between the Corporation and a Participant.

11.5 **Deferred Share Units May be Payable in Cash or Shares.** Any award agreement may provide that a Participant, or that Participant’s estate, if applicable, may elect to have some or all of its Deferred

Share Units described in such award agreement settled by the issuance of Shares. If the award agreement in question does not provide such election right to the Participant thereunder and also does not specify that there will be no election to settle Deferred Share Units by the issuance of Shares, then such Deferred Share Units shall only be settled by the payment of cash. For greater certainty, unless expressly provided in the award agreement, the granting of a Deferred Share Unit does not entitle the holder thereof to acquire or otherwise obtain any rights or interests whatsoever in any Shares (including the right to dividends) or other securities of the Corporation. Participants have no right or ability to exercise, receive or otherwise demand payment of the value of Deferred Share Units granted to them prior to the Payout Date.

## **ARTICLE 12 OTHER AWARDS**

12.1 **Grants of Other Awards.** The Board may grant other share-based awards (“**Other Awards**”) to Eligible Persons. Other Awards shall be granted on such terms as shall be determined by the Board and set out in the award agreement and will be subject to the approval of the Exchange.

## **ARTICLE 13 AMENDMENT PROCEDURE**

13.1 **Amendment Procedure.** The Corporation retains the right to amend or terminate the terms and conditions of the Plan by resolution of the Board. If required, any amendments shall be subject to the prior consent of any applicable regulatory bodies, including the Exchange. Any amendment to the Plan shall take effect with respect to all outstanding Awards on the date of, and all Awards granted after, the effective date of such amendment, provided that in the event any amendment materially and adversely affects any outstanding Awards it may apply to such outstanding Awards only with the mutual consent of the Corporation and the Participant to whom such Awards have been granted. The Board shall have the power and authority to approve amendments relating to the Plan or to Awards, without further approval of the shareholders of the Corporation, including the following non-exhaustive list of such amendments:

- (a) altering, extending or accelerating the terms and conditions of vesting of any Awards;
- (b) amending the termination provisions of an Award, which amendment shall include determining that any provisions of Article 5 concerning the effect of the Participant ceasing to be an Eligible Person shall not apply for any reason acceptable to the Board;
- (c) determining adjustments pursuant to Article 6 hereof;
- (d) amending the definitions contained within the Plan, including but not limited to the definition of “Eligible Person” under the Plan except as provided in Section 13.2(c);
- (e) amending or modifying the mechanics of exercise or redemption of the Awards as set forth in the Plan;
- (f) effecting amendments of a “housekeeping” nature including, without limiting the generality of the foregoing, any amendment for the purpose of curing any ambiguity, error, inconsistency or omission in or from the Plan;

- (g) effecting amendments necessary to comply with the provisions of applicable laws (including, without limitation, the rules, regulations and policies of the Exchange);
- (h) effecting amendments respecting the administration of the Plan; and
- (i) effecting amendments necessary to suspend or terminate the Plan.

13.2 **Shareholder Approval.** Notwithstanding the foregoing, approval of the shareholders of the Corporation shall be required for the following types of amendments:

- (a) increasing the number of Shares issuable under the Plan, except in the event of an adjustment contemplated by Article 6;
- (b) amending the Plan which amendment could result in the aggregate number of Shares of the Corporation issued to Insiders within any one year period under the Plan together with any other security-based compensation arrangement, or issuable to Insiders at any time under the Plan together with any other security-based compensation arrangement, exceeding 10% of the issued and outstanding Shares;
- (c) amending the listed categories contained in the definition of “Eligible Persons” hereunder which would have the potential of broadening or increasing participation in the Plan by Insiders;
- (d) any amendment which would permit Awards granted under the Plan to be transferable or assignable other than for normal estate settlement purposes (and other than as set forth in Section 4.6);
- (e) amending Section 13.1 hereof and this Section 13.2; and
- (f) making any amendments required to be approved by shareholders under applicable law (including, without limitation, pursuant to the rules, regulations and policies of the Exchange).

Where required by the policies of the Exchange, the shareholder approval required by this Section 13.2 shall be by the majority vote of the shareholders of the Corporation excluding any votes cast by Insiders who are entitled to participate as Eligible Persons under the Plan or who will specifically benefit from the proposed amendment and as otherwise may be prescribed by the Exchange.

13.3 **Conflict.** In the event of any conflict between Sections 13.1 and Section 13.2, the latter shall prevail to the extent of the conflict.

## ARTICLE 14 GENERAL

14.1 **No Rights as Shareholder.** The holder of an Award shall not have any rights as a shareholder of the Corporation with respect to any Shares covered by such Award until such holder shall have exercised or redeemed such Award and been issued Shares in accordance with the terms of the Plan and the Corporation shall issue such Shares to the Participant in accordance with the terms of the Plan in those circumstances.



#### **14.2 No Rights Conferred.**

- (a) Nothing contained in this Plan or any Award shall confer upon any Participant any right with respect continuance as a Director, Officer, Employee, or Consultant or Management Company Employee of the Corporation or its Affiliates, or interfere in any way with the right of the Corporation or its Affiliates to terminate the Participant's employment at any time.
- (b) Nothing contained in this Plan or any Award shall confer on any Participant who is not a Director, Officer, Employee, or Consultant or Management Company Employee any right to continue providing ongoing services to the Corporation or its Affiliates or affect in any way the right of the Corporation or its Affiliates to determine to terminate his, her or its contract at any time.

14.3 **Tax Consequences.** It is the responsibility of the Participant to complete and file any tax returns which may be required under any applicable tax laws within the periods specified in those laws as a result of the Participant's participation in the Plan. The Corporation shall not be responsible for any tax consequences to the Participant as a result of the Participant's participation in the Plan. The Participant shall remain responsible at all times for paying any federal, provincial, local and foreign income or employment tax due with respect to any Award, and the Corporation shall not be liable for any interest or penalty that a Participant incurs by failing to make timely payments of tax.

14.4 **Withholding Requirements.** Prior to the delivery of any Shares or cash pursuant to the grant, exercise, vesting, or settlement of an Award, the Corporation shall have the power and the right to deduct or withhold, or to require a Participant to remit to the Corporation, an amount sufficient to satisfy any federal, provincial, local and foreign taxes that the Corporation determines is required to be withheld to comply with applicable laws. The Corporation shall make any withholdings or deductions in respect of taxes as required by law or the interpretation or administration thereof. The Corporation shall be entitled to make arrangements to sell a sufficient number of Shares to be issued pursuant to the exercise of an Award to fund the payment and remittance of such taxes that are required to be deducted or withheld and any associated costs (including brokerage fees).

14.5 **No Representation.** The Corporation makes no representation or warranty as to the future market value of any Shares issued in accordance with the provisions of the Plan.

14.6 **Black-out Period.** Awards shall be subject to the Corporation's insider trading policy as may be in effect from time to time, including any Black-out Period, trading prohibition or requirement to obtain mandatory pre-clearance of a transaction. Except where not permitted by the Exchange, where an Award would expire during a Black-Out Period or within ten Business Days following the end of a Black-Out Period, the term of such Award shall be automatically extended to the date which is ten Business Days following the end of such Black-Out Period.

14.7 **Governing Law.** This Plan shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

14.8 **Severance.** If any provision of this Plan or any agreement entered into pursuant to this Plan contravenes any law or any order, policy, by-law or regulation of any regulatory body or Exchange

having authority over the Corporation or this Plan then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

**ARTICLE 15**  
**SHAREHOLDER AND REGULATORY APPROVAL**

15.1 This Plan shall be subject to the approval of the shareholders of the Corporation to be given by a resolution passed at a meeting of the shareholders of the Corporation, and to acceptance by the Exchange and any other relevant regulatory authority. Any Awards granted hereunder prior to such approval and acceptance (other than grants made under the Prior Plans prior to the effective date of the Plan) shall be conditional upon such approval and acceptance being given, and no such Awards may be exercised unless and until such approval and acceptance is given.

## **SCHEDULE “Q”**

### **DISSENT RIGHTS**

#### **SECTIONS 237- 247 OF THE BCBCA**

##### **Division 2 — Dissent Proceedings**

###### **Definitions and application**

**237** (1) In this Division:

**“dissenter”** means a shareholder who, being entitled to do so, sends written notice of dissent when and as required by section 242;

**“notice shares”** means, in relation to a notice of dissent, the shares in respect of which dissent is being exercised under the notice of dissent;

**“payout value”** means,

- (a) in the case of a dissent in respect of a resolution, the fair value that the notice shares had immediately before the passing of the resolution,
- (b) in the case of a dissent in respect of an arrangement approved by a court order made under section 291 (2) (c) that permits dissent, the fair value that the notice shares had immediately before the passing of the resolution adopting the arrangement, or
- (c) in the case of a dissent in respect of a matter approved or authorized by any other court order that permits dissent, the fair value that the notice shares had at the time specified by the court order,

excluding any appreciation or depreciation in anticipation of the corporate action approved or authorized by the resolution or court order unless exclusion would be inequitable.

(2) This Division applies to any right of dissent exercisable by a shareholder except to the extent that

- (a) the court orders otherwise, or
- (b) in the case of a right of dissent authorized by a resolution referred to in section 238 (1) (g), the court orders otherwise or the resolution provides otherwise.

###### **Right to dissent**

**238** (1) A shareholder of a company, whether or not the shareholder's shares carry the right to vote, is entitled to dissent as follows:

- (a) under section 260, in respect of a resolution to alter the articles to alter restrictions on the powers of the company or on the business it is permitted to carry on;
- (b) under section 272, in respect of a resolution to adopt an amalgamation agreement;
- (c) under section 287, in respect of a resolution to approve an amalgamation under Division 4 of Part 9;
- (d) in respect of a resolution to approve an arrangement, the terms of which arrangement permit dissent;

- (e) under section 301 (5), in respect of a resolution to authorize or ratify the sale, lease or other disposition of all or substantially all of the company's undertaking;
  - (f) under section 309, in respect of a resolution to authorize the continuation of the company into a jurisdiction other than British Columbia;
  - (g) in respect of any other resolution, if dissent is authorized by the resolution;
  - (h) in respect of any court order that permits dissent.
- (2) A shareholder wishing to dissent must
- (a) prepare a separate notice of dissent under section 242 for
    - (i) the shareholder, if the shareholder is dissenting on the shareholder's own behalf, and
    - (ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is dissenting,
  - (b) identify in each notice of dissent, in accordance with section 242 (4), the person on whose behalf dissent is being exercised in that notice of dissent, and
  - (c) dissent with respect to all of the shares, registered in the shareholder's name, of which the person identified under paragraph (b) of this subsection is the beneficial owner.
- (3) Without limiting subsection (2), a person who wishes to have dissent exercised with respect to shares of which the person is the beneficial owner must
- (a) dissent with respect to all of the shares, if any, of which the person is both the registered owner and the beneficial owner, and
  - (b) cause each shareholder who is a registered owner of any other shares of which the person is the beneficial owner to dissent with respect to all of those shares.

#### **Waiver of right to dissent**

- 239** (1) A shareholder may not waive generally a right to dissent but may, in writing, waive the right to dissent with respect to a particular corporate action.
- (2) A shareholder wishing to waive a right of dissent with respect to a particular corporate action must
- (a) provide to the company a separate waiver for
    - (i) the shareholder, if the shareholder is providing a waiver on the shareholder's own behalf, and
    - (ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is providing a waiver, and
  - (b) identify in each waiver the person on whose behalf the waiver is made.
- (3) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on the shareholder's own behalf, the shareholder's right to dissent with respect to the particular corporate action terminates in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and this Division ceases to apply to

- (a) the shareholder in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and
  - (b) any other shareholders, who are registered owners of shares beneficially owned by the first mentioned shareholder, in respect of the shares that are beneficially owned by the first mentioned shareholder.
- (4) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on behalf of a specified person who beneficially owns shares registered in the name of the shareholder, the right of shareholders who are registered owners of shares beneficially owned by that specified person to dissent on behalf of that specified person with respect to the particular corporate action terminates and this Division ceases to apply to those shareholders in respect of the shares that are beneficially owned by that specified person.

### **Notice of resolution**

- 240** (1) If a resolution in respect of which a shareholder is entitled to dissent is to be considered at a meeting of shareholders, the company must, at least the prescribed number of days before the date of the proposed meeting, send to each of its shareholders, whether or not their shares carry the right to vote,
- (a) a copy of the proposed resolution, and
  - (b) a notice of the meeting that specifies the date of the meeting, and contains a statement advising of the right to send a notice of dissent.
- (2) If a resolution in respect of which a shareholder is entitled to dissent is to be passed as a consent resolution of shareholders or as a resolution of directors and the earliest date on which that resolution can be passed is specified in the resolution or in the statement referred to in paragraph (b), the company may, at least 21 days before that specified date, send to each of its shareholders, whether or not their shares carry the right to vote,
- (a) a copy of the proposed resolution, and
  - (b) a statement advising of the right to send a notice of dissent.
- (3) If a resolution in respect of which a shareholder is entitled to dissent was or is to be passed as a resolution of shareholders without the company complying with subsection (1) or (2), or was or is to be passed as a directors' resolution without the company complying with subsection (2), the company must, before or within 14 days after the passing of the resolution, send to each of its shareholders who has not, on behalf of every person who beneficially owns shares registered in the name of the shareholder, consented to the resolution or voted in favour of the resolution, whether or not their shares carry the right to vote,
- (a) a copy of the resolution,
  - (b) a statement advising of the right to send a notice of dissent, and
  - (c) if the resolution has passed, notification of that fact and the date on which it was passed.
- (4) Nothing in subsection (1), (2) or (3) gives a shareholder a right to vote in a meeting at which, or on a resolution on which, the shareholder would not otherwise be entitled to vote.

### **Notice of court orders**

- 241** If a court order provides for a right of dissent, the company must, not later than 14 days after the date on which the company receives a copy of the entered order, send to each shareholder who is entitled to exercise that right of dissent

- (a) a copy of the entered order, and
- (b) a statement advising of the right to send a notice of dissent.

**Notice of dissent**

- 242** (1) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (a), (b), (c), (d), (e) or (f) must,
- (a) if the company has complied with section 240 (1) or (2), send written notice of dissent to the company at least 2 days before the date on which the resolution is to be passed or can be passed, as the case may be,
  - (b) if the company has complied with section 240 (3), send written notice of dissent to the company not more than 14 days after receiving the records referred to in that section, or
  - (c) if the company has not complied with section 240 (1), (2) or (3), send written notice of dissent to the company not more than 14 days after the later of
    - (i) the date on which the shareholder learns that the resolution was passed, and
    - (ii) the date on which the shareholder learns that the shareholder is entitled to dissent.
- (2) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (g) must send written notice of dissent to the company
- (a) on or before the date specified by the resolution or in the statement referred to in section 240 (2) (b) or (3)
  - (b) as the last date by which notice of dissent must be sent, or
  - (b) if the resolution or statement does not specify a date, in accordance with subsection (1) of this section.
- (3) A shareholder intending to dissent under section 238 (1) (h) in respect of a court order that permits dissent must send written notice of dissent to the company
- (a) within the number of days, specified by the court order, after the shareholder receives the records referred to in section 241, or
  - (b) if the court order does not specify the number of days referred to in paragraph (a) of this subsection, within 14 days after the shareholder receives the records referred to in section 241.
- (4) A notice of dissent sent under this section must set out the number, and the class and series, if applicable, of the notice shares, and must set out whichever of the following is applicable:
- (a) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner and the shareholder owns no other shares of the company as beneficial owner, a statement to that effect;
  - (b) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner but the shareholder owns other shares of the company as beneficial owner, a statement to that effect and
    - (i) the names of the registered owners of those other shares,
    - (ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and

- (iii) a statement that notices of dissent are being, or have been, sent in respect of all of those other shares;
- (c) if dissent is being exercised by the shareholder on behalf of a beneficial owner who is not the dissenting shareholder, a statement to that effect and
  - (i) the name and address of the beneficial owner, and
  - (ii) a statement that the shareholder is dissenting in relation to all of the shares beneficially owned by the beneficial owner that are registered in the shareholder's name.
- (5) The right of a shareholder to dissent on behalf of a beneficial owner of shares, including the shareholder, terminates and this Division ceases to apply to the shareholder in respect of that beneficial owner if subsections (1) to (4) of this section, as those subsections pertain to that beneficial owner, are not complied with.

### **Notice of intention to proceed**

- 243** (1) A company that receives a notice of dissent under section 242 from a dissenter must,
- (a) if the company intends to act on the authority of the resolution or court order in respect of which the notice of dissent was sent, send a notice to the dissenter promptly after the later of
    - (i) the date on which the company forms the intention to proceed, and
    - (ii) the date on which the notice of dissent was received, or
  - (b) if the company has acted on the authority of that resolution or court order, promptly send a notice to the dissenter.
- (2) A notice sent under subsection (1) (a) or (b) of this section must
- (a) be dated not earlier than the date on which the notice is sent,
  - (b) state that the company intends to act, or has acted, as the case may be, on the authority of the resolution or court order, and
  - (c) advise the dissenter of the manner in which dissent is to be completed under section 244.

### **Completion of dissent**

- 244** (1) A dissenter who receives a notice under section 243 must, if the dissenter wishes to proceed with the dissent, send to the company or its transfer agent for the notice shares, within one month after the date of the notice,
- (a) a written statement that the dissenter requires the company to purchase all of the notice shares,
  - (b) the certificates, if any, representing the notice shares, and
  - (c) if section 242 (4) (c) applies, a written statement that complies with subsection (2) of this section.
- (2) The written statement referred to in subsection (1) (c) must
- (a) be signed by the beneficial owner on whose behalf dissent is being exercised, and

- (b) set out whether or not the beneficial owner is the beneficial owner of other shares of the company and, if so, set out
  - (i) the names of the registered owners of those other shares,
  - (ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and
  - (iii) that dissent is being exercised in respect of all of those other shares.
- (3) After the dissenter has complied with subsection (1),
  - (a) the dissenter is deemed to have sold to the company the notice shares, and
  - (b) the company is deemed to have purchased those shares, and must comply with section 245, whether or not it is authorized to do so by, and despite any restriction in, its memorandum or articles.
- (4) Unless the court orders otherwise, if the dissenter fails to comply with subsection (1) of this section in relation to notice shares, the right of the dissenter to dissent with respect to those notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares.
- (5) Unless the court orders otherwise, if a person on whose behalf dissent is being exercised in relation to a particular corporate action fails to ensure that every shareholder who is a registered owner of any of the shares beneficially owned by that person complies with subsection (1) of this section, the right of shareholders who are registered owners of shares beneficially owned by that person to dissent on behalf of that person with respect to that corporate action terminates and this Division, other than section 247, ceases to apply to those shareholders in respect of the shares that are beneficially owned by that person.
- (6) A dissenter who has complied with subsection (1) of this section may not vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, other than under this Division.

#### **Payment for notice shares**

- 245** (1) A company and a dissenter who has complied with section 244 (1) may agree on the amount of the payout value of the notice shares and, in that event, the company must
- (a) promptly pay that amount to the dissenter, or
  - (b) if subsection (5) of this section applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.
- (2) A dissenter who has not entered into an agreement with the company under subsection (1) or the company may apply to the court and the court may
- (a) determine the payout value of the notice shares of those dissenters who have not entered into an agreement with the company under subsection (1), or order that the payout value of those notice shares be established by arbitration or by reference to the registrar, or a referee, of the court,
  - (b) join in the application each dissenter, other than a dissenter who has entered into an agreement with the company under subsection (1), who has complied with section 244 (1), and
  - (c) make consequential orders and give directions it considers appropriate.
- (3) Promptly after a determination of the payout value for notice shares has been made under subsection (2) (a) of this section, the company must



- (a) pay to each dissenter who has complied with section 244 (1) in relation to those notice shares, other than a dissenter who has entered into an agreement with the company under subsection (1) of this section, the payout value applicable to that dissenter's notice shares, or
  - (b) if subsection (5) applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.
- (4) If a dissenter receives a notice under subsection (1) (b) or (3) (b),
- (a) the dissenter may, within 30 days after receipt, withdraw the dissenter's notice of dissent, in which case the company is deemed to consent to the withdrawal and this Division, other than section 247, ceases to apply to the dissenter with respect to the notice shares, or
  - (b) if the dissenter does not withdraw the notice of dissent in accordance with paragraph (a) of this subsection, the dissenter retains a status as a claimant against the company, to be paid as soon as the company is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the company but in priority to its shareholders.
- (5) A company must not make a payment to a dissenter under this section if there are reasonable grounds for believing that
- (a) the company is insolvent, or
  - (b) the payment would render the company insolvent.

#### **Loss of right to dissent**

- 246** The right of a dissenter to dissent with respect to notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares, if, before payment is made to the dissenter of the full amount of money to which the dissenter is entitled under section 245 in relation to those notice shares, any of the following events occur:
- (a) the corporate action approved or authorized, or to be approved or authorized, by the resolution or court order in respect of which the notice of dissent was sent is abandoned;
  - (b) the resolution in respect of which the notice of dissent was sent does not pass;
  - (c) the resolution in respect of which the notice of dissent was sent is revoked before the corporate action approved or authorized by that resolution is taken;
  - (d) the notice of dissent was sent in respect of a resolution adopting an amalgamation agreement and the amalgamation is abandoned or, by the terms of the agreement, will not proceed;
  - (e) the arrangement in respect of which the notice of dissent was sent is abandoned or by its terms will not proceed;
  - (f) a court permanently enjoins or sets aside the corporate action approved or authorized by the resolution or court order in respect of which the notice of dissent was sent;
  - (g) with respect to the notice shares, the dissenter consents to, or votes in favour of, the resolution in respect of which the notice of dissent was sent;
  - (h) the notice of dissent is withdrawn with the written consent of the company;

- (i) the court determines that the dissenter is not entitled to dissent under this Division or that the dissenter is not entitled to dissent with respect to the notice shares under this Division.

**Shareholders entitled to return of shares and rights**

**247** If, under section 244 (4) or (5), 245 (4) (a) or 246, this Division, other than this section, ceases to apply to a dissenter with respect to notice shares,

- (a) the company must return to the dissenter each of the applicable share certificates, if any, sent under section 244 (1) (b) or, if those share certificates are unavailable, replacements for those share certificates,
- (b) the dissenter regains any ability lost under section 244 (6) to vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, and
- (c) the dissenter must return any money that the company paid.

**CERTIFICATE OF NORTHWAY RESOURCES CORP.**

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities of Northway assuming completion of the Transaction and Financing.

By order of the Board of Directors

November 27, 2020

(signed) “*Zachary Flood*”

Zachary Flood

President, Chief Executive Officer and  
Director

(signed) “*Enoch Kong*”

Enoch Kong

Chief Financial Officer and Corporate  
Secretary

On behalf of the Board of Directors

(signed) “*Jessica Van Den Akker*”

Jessica Van Den Akker

Director

(signed) “*Richard Trotman*”

Richard Trotman

Director

**CERTIFICATE OF KENORLAND MINERALS. LTD.**

The foregoing as it relates to Kenorland constitutes full, true and plain disclosure of all material facts relating to the securities of Kenorland.

November 27, 2020

(signed) "*Zachary Flood*"  
Zachary Flood  
Chief Executive Officer and Director

On behalf of the Board of Directors

(signed) "*Zachary Flood*"  
Zachary Flood  
Director

(signed) "*Francis MacDonald*"  
Francis MacDonald  
Executive Vice-President of Exploration

(signed) "*Peter Meredith*"  
Peter Meredith  
Director

## **ACKNOWLEDGMENT PERSONAL INFORMATION**

"Personal Information" means any information about an identifiable individual, and includes information contained in any items in the foregoing Circular that are analogous to Items 4.2, 11, 13.1, 16, 18.2, 19.2, 24, 25, 27, 32.3, 33, 34, 35, 36, 37, 38, 39, 41 and 42 of Form 3D1 – Information Required in an Information Circular for a Reverse Takeover or Change of Business.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

- (a) the disclosure of Personal Information by the undersigned to the Exchange (as defined in Appendix 6B) pursuant to the Form 3D1 – Information Required in an Information Circular for a Reverse Takeover or Change of Business; and
- (b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6B or as otherwise identified by the Exchange, from time to time.

Dated: November 27, 2020

**Northway Resources Corp.**

Per: *"Zachary Flood"*

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Authorized Signatory