

# **FILING STATEMENT**

**OF**

**ZTR ACQUISITION CORP.  
(to be renamed “Angold Resources Ltd.”)**

**REVERSE TAKEOVER INVOLVING THE ACQUISITION BY  
ZTR ACQUISITION CORP. OF  
FEDERAL GOLD CORP.**

**Dated as of December 18, 2020**

**All information contained in this Filing Statement with respect to Federal Gold Corp. was supplied by Federal Gold Corp. for inclusion herein.**

*Neither the TSX Venture Exchange nor any securities regulatory authority has in any way passed upon the merits of the reverse take-over described in this Filing Statement.*

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## FORWARD LOOKING INFORMATION

This Filing Statement contains forward-looking information. Often, but not always, forward-looking information can be identified by the use of words such as “plans”, “expects”, “does not expect”, “is expected”, “estimates”, “intends”, “anticipates”, “does not anticipate”, or “believes”, or variations of such words and phrases or states that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken to occur or be achieved. Forward-looking information includes all matters that are not historical facts. Forward-looking information appears in a number of places throughout this Filing Statement. Examples of such information includes: (i) the intention to complete, and expected closing date of, the Transaction, (ii) the description of the Resulting Issuer that assumes completion of the Transaction; and (iii) proposed exploration and development activities, and method for funding thereof, expectations regarding the ability to raise capital and to be able to obtain and maintain all applicable licenses and permits for proposed activities, treatment under governmental regulatory regimes, status assets, future growth and performance.

Forward-looking statements are necessarily based upon a number of factors and assumptions that, if untrue, could cause actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such statements. Forward-looking statements are based upon a number of estimates and assumptions that, while considered reasonable by ZTR at this time, are inherently subject to significant business, economic and competitive uncertainties and contingencies that may cause ZTR, Federal Gold or the Resulting Issuer’s actual financial results, performance, or achievements to be materially different from those expressed or implied herein. Some of the material factors or assumptions used to develop forward-looking statements include, without limitation, the future price of precious and base metals, anticipated costs and the Resulting Issuer’s ability to fund its programs, the Resulting Issuer’s ability to carry on exploration and development activities, the timing and results of drilling programs, the discovery of mineral resources on the Resulting Issuer’s mineral properties, the timely receipt of required approvals and permits, including those approvals and permits required for successful project permitting, construction and operation of projects, the costs of operating and exploration expenditures, the Resulting Issuer’s ability to operate in a safe, efficient and effective manner, the Resulting Issuer’s ability to obtain financing as and when required and on reasonable terms and the impact of COVID-19 and the resumption of business.

Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of ZTR, Federal Gold or the Resulting Issuer to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Although ZTR has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

Known and unknown factors could cause actual results or events to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to, fluctuations in the currency markets; changes in interest rates; disruption to the credit markets and delays in obtaining financing; inflationary pressures; risks arising from holding derivative instruments (such as credit risk, market liquidity risk and mark-to-market risk); changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Canada, the United States of America, Chile, or other countries in which the Resulting Issuer may, upon completion of the Transaction, carry on business; business opportunities that may be presented to, or pursued by the Resulting Issuer upon

completion of the Transaction; the Resulting Issuer's ability to successfully integrate acquisitions; operating or technical difficulties in connection with business activities; the possibility of cost overruns or unanticipated expenses; employee relations; the risks of obtaining and renewing necessary licenses and permits; diminishing quantities or grades of reserves; adverse changes in the Resulting Issuer's credit rating; the occurrence of natural disasters, hostilities, acts of war or terrorism; and the ongoing global pandemic involving the novel coronavirus. The factors identified above are not intended to represent a complete list of the factors that could affect ZTR, Federal Gold or the Resulting Issuer. Additional factors are noted under the heading "*Risk Factors*".

Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking information prove incorrect, actual results, performance or achievement may vary materially from those expressed or implied by the forward-looking information contained in this Filing Statement. These factors should be carefully considered and readers are cautioned not to place undue reliance on forward-looking information, which speaks only as of the date of this Filing Statement. All subsequent forward-looking information attributable to ZTR, Federal Gold or the Resulting Issuer herein is expressly qualified in its entirety by the cautionary statements contained in or referred to herein. ZTR, Federal Gold and the Resulting Issuer do not undertake any obligation to release publicly any revisions to this forward-looking information to reflect events or circumstances that occur after the date of this Filing Statement or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

## INTRODUCTION

### MARKET DATA

Unless otherwise indicated, market data and industry forecasts contained in this Filing Statement have been obtained from publicly available sources (including industry publications, surveys and forecasts), and the good faith estimates of management of ZTR and Federal Gold, respectively ("**Management**"). Unless otherwise indicated, Management estimates are derived from publicly available information released by independent industry analysts and third-party sources, as well as data from their internal research, and are based on assumptions made by Management based on such data and its knowledge of the industry and markets, which Management believes to be reasonable. The internal research of Management has not been independently verified by any independent source. While Management believes the market position, market opportunity and market share information included in this Filing Statement is generally reliable, such information is inherently imprecise. In addition, projections, assumptions and estimates of the future performance of ZTR, Federal Gold and the Resulting Issuer and their respective future performance is necessarily subject to a high degree of uncertainty and risk due to a variety of factors. See "*Forward-Looking Information*" and "*Risk Factors*".

### INFORMATION RELATING TO FEDERAL GOLD

The information contained or referred to in this Filing Statement relating to Federal Gold has been furnished by Federal Gold. In preparing this Filing Statement, ZTR relied upon Federal Gold to ensure that the Filing Statement contains full, true and plain disclosure of all material facts relating to Federal Gold.

## **CURRENCY**

In this Filing Statement, references to "\$" or "dollars" are to the lawful currency of Canada, unless otherwise indicated. If applicable, all references to "US\$" or "USD" are to the lawful currency of the United States.

## **GENERAL**

Except as otherwise indicated in this Filing Statement, all information disclosed in this Filing Statement is as of December 18, 2020 and the phrase "as of the date hereof" and equivalent phrases refer to that date.

No Person is authorized to give any information or to make any representation not contained in this Filing Statement and, if given or made, such information or representation should not be relied upon as having been authorized by ZTR or the directors and officers of ZTR . This Filing Statement 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 or proxy solicitation.

Neither delivery of this Filing Statement nor any distribution of the securities referred to in this Filing Statement will, under any circumstances, create an implication that there has been no change in the information set forth herein since the date of this Filing Statement.

## GLOSSARY OF TERMS

The following is a glossary of certain definitions used in this Filing Statement. Terms and abbreviations used in the financial statements of ZTR, Federal Gold and the Resulting Issuer in the appendices to this Filing Statement are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders.

- “Affiliate”** A company is an “Affiliate” of another company if (a) one of them is the subsidiary of the other, or (b) each of them is controlled by the same Person. A company is “controlled” by a Person if (a) voting securities of the company 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 company. A Person beneficially owns securities that are beneficially owned by (a) a company controlled by that Person, or (b) an Affiliate of that Person or an Affiliate of any company controlled by that Person;
- “Amalco”** means the BCBCA company formed pursuant to the Amalgamation, which will be named “Federal Gold Corp.” and will be a wholly-owned subsidiary of the Resulting Issuer;
- “Amalgamation”** means the amalgamation of Subco and Federal Gold under Section 269 of the BCBCA;
- “Amalgamation Agreement”** means the amalgamation agreement dated effective September 28, 2020, among ZTR, Subco and Federal Gold, setting forth the terms pursuant to which Subco and Federal Gold will complete the Amalgamation, as may be amended pursuant to the terms set forth therein
- “Arm’s Length Transaction”** means a transaction which is not a Related Party 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 all outstanding voting 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 the 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 that 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 of the Exchange with respect to that Member firm, Member corporation or holding company;
- “BCBCA”** means the *Business Corporations Act* (British Columbia);
- “Board of Directors”** means the Board of Directors of Federal Gold, ZTR, or the Resulting Issuer as applicable;

<b>“Closing”</b>	means the closing of the Amalgamation;
<b>“Closing Date”</b>	means the date on which the Closing occurs;
<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>	means the date of the Final Exchange Bulletin;
<b>“Computershare”</b>	means Computershare Investor Services Inc.;
<b>“Concurrent Private Placement”</b>	means the non-brokered private placement of 20,000,000 Subscription Receipts in Federal Gold, at a price of \$0.40 per Subscription Receipt, for aggregate gross proceeds of \$8,000,000, which proceeds are being held in escrow pending satisfaction of the Escrow Release Conditions;
<b>“Control Person”</b>	means any Person that holds or is one of a combination of Persons 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 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>“Cordillera Property”</b>	means the Cordillera property located in the Maricunga region of Chile, approximately 100 km east of Copiapo;
<b>“Dorado Property”</b>	means the Dorado property located in the Maricunga region of Chile, approximately 135 km east of Copiapo;
<b>“Dorado Technical Report”</b>	means the independent NI 43-101 technical report entitled “ <i>NI 43-101 Technical Report On the Dorado Project (formerly Lajtas) – Atacama Region, Chile</i> ” prepared for Federal Gold and ZTR, authored by David Hopper, Chartered Geologist and dated November 26, 2020;
<b>“Escrow Agent”</b>	means Cassels Brock & Blackwell LLP;

<b>“Escrow Release Conditions”</b>	means the escrow release conditions in connection with the Concurrent Private Placement, as follows: <ul style="list-style-type: none"> <li>(a) all conditions precedent to the completion of the Transaction as set out in Article 3 of the Amalgamation Agreement, other than the release of the escrowed funds and filing of the requisite articles of amalgamation, shall have been satisfied to the satisfaction of, or waived by, either ZTR or Federal Gold, as applicable; and</li> <li>(b) Escrow Agent having received an officer’s certificate from each of Federal Gold and ZTR’s officers that each party has irrevocably instructed its counsel that upon release of the escrowed funds to Federal Gold, to issue the Federal Gold Shares underlying the Subscription Receipts and to complete the Transaction and issue the securities of the Resulting Issuer;</li> </ul>
<b>“Exchange”</b>	means the TSX Venture Exchange;
<b>“Exchange Policies”</b>	means 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>“Federal Gold”</b>	means Federal Gold Corp. a corporation subsisting under the BCBCA;
<b>“Federal Gold Shareholders”</b>	means the holders of Federal Gold Shares;
<b>“Federal Gold Shares”</b>	means the 55,000,001 common shares in the capital of Federal Gold as constituted prior to completion of the Transaction, which includes the common shares of Federal Gold issuable upon conversion of the Subscription Receipts;
<b>“Filing Statement”</b>	means this filing statement, together with all appendices attached hereto and including the summary hereof;
<b>“Final Exchange Bulletin”</b>	means the bulletin which is issued by the Exchange following closing of the RTO and the submission of all Post-Approval Documents which evidences the final Exchange acceptance of the Transaction;
<b>“IFRS”</b>	means the International Financial Reporting Standards;
<b>“Insider”</b>	if used in relation to an issuer, means: (a) a director or senior officer of the issuer; (b) a director or senior officer of a company that is an Insider or subsidiary of the issuer; (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 the issuer; or (d) the issuer itself if it holds any of its own securities;
<b>“Iron Butte Option Agreement”</b>	means the option agreement among Federal Gold, Grandview Exploration, LLC and David C and Debra J Knight Living Trust dated July 25, 2020, pursuant to which Federal Gold was granted the Option;
<b>“Iron Butte Property”</b>	means the Iron Butte property located 60 km south of Battle Mountain, Nevada, USA;

<b>“Listing”</b>	means the listing of the Resulting Issuer Shares on the Exchange following Closing;
<b>“MD&amp;A”</b>	means management’s discussion and analysis;
<b>“Member”</b>	means a member of the Exchange as defined in the Exchange Policies;
<b>“Named Executive Officer” or “NEO”</b>	has the meaning ascribed to it in Form 51-102F6 – <i>Statement of Executive Compensation</i> under National Instrument 51-102 entitled “ <i>Continuous Disclosure Obligations</i> ”;
<b>“NI 43-101”</b>	means National Instrument 43-101 – <i>Standards of Disclosure for Mineral Projects</i> ;
<b>“Non-Arm’s Length Party”</b>	means (a) 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 such Persons; and (b) in relation to an individual, any Associate of the individual or any company of which the individual is a promoter, officer, director, Insider or Control Person;
<b>“Option”</b>	means the option to acquire the Iron Butte Property pursuant to the Iron Butte Option Agreement;
<b>“Optionor”</b>	means Grandview Exploration, LLC, a limited liability company existing under the laws of State of Nevada;
<b>“Payment Share Price”</b>	means the volume-weights average closing price of the Resulting Issuer Shares on the Exchange in the thirty (30) days prior to the date of issuance of any particular
<b>“Person”</b>	means a company or individual;
<b>“Post Approval Documents”</b>	means the documents prescribed as such by Exchange Policy 5.2 – <i>Changes of Business and Reverse Takeovers</i> ;
<b>“Properties”</b>	means the Uchi Property, Dorado Property, Cordillera Property and the Iron Butte Property;
<b>“Related Party Transaction”</b>	has the meaning ascribed to that term under Multilateral Instrument 61-101 – <i>Protection of Minority Security Holders in Special Transactions</i> , and includes a related party transaction that is determined by the Exchange to be a Related Party Transaction;
<b>“Release Deadline”</b>	means 5:00 p.m. (Vancouver time) on December 31, 2020;
<b>“Resulting Issuer”</b>	means ZTR, after giving effect to the Transaction;
<b>“Resulting Issuer Escrow Agreement”</b>	means the agreement to be entered into among the Resulting Issuer, Computershare and certain shareholders of the Resulting Issuer pursuant to which the Resulting Issuer Escrow Shares owned by such shareholders will be held in escrow in accordance with the requirements of the Exchange;

<b>“Resulting Issuer Escrow Shares”</b>	means the Resulting Issuer Shares to be held in escrow pursuant to the Resulting Issuer Escrow Agreement released in accordance with the applicable provisions thereof;
<b>“Resulting Issuer Options”</b>	means the incentive stock options of the Resulting Issuer outstanding upon Closing of the Transaction;
<b>“Resulting Issuer Shares”</b>	means the common shares in the capital of the Resulting Issuer;
<b>“Resulting Issuer Finder’s Warrants”</b>	means the finder warrants to be issued to parties who introduced Federal Gold to subscribers in connection with the Concurrent Private Placement, which upon issuance, will entitle the holder thereof to acquire a Resulting Issuer Share for each Resulting Issuer Resulting Issuer Finder’s Warrant held at a price of \$0.40 per share for a period of 12 months from issuance;
<b>“Rio”</b>	means Rio Explorations SpA, a company organized and existing under the laws of Chile, tax number 76.751.851-K, which is a wholly-owned subsidiary of TY & Sons, and owns the rights to the Dorado Property and the Cordillera Property in Chile;
<b>“Stock Option Plan”</b>	means the ZTR incentive stock option plan, as approved by the ZTR Shareholders at its most recent annual general meeting, or the proposed stock option plan for the Resulting Issuer;
<b>“Subco”</b>	means 1266857 B.C. Ltd., which is a wholly-owned subsidiary of ZTR incorporated under the BCBCA;
<b>“Subscription Receipts”</b>	means the 20,000,000 subscription receipts in Federal Gold, issued pursuant to the Concurrent Private Placement, with each Subscription Receipt automatically converting into one Federal Gold Share on satisfaction of the Escrow Release Conditions on or before the Release Deadline;
<b>“Transaction”</b>	means, collectively, the Amalgamation, the fulfilment of the Escrow Release Conditions and the change of name of ZTR Acquisition Corp. to “Angold Resources Ltd.”;
<b>“TY &amp; Sons”</b>	means TY & Sons Explorations (Chile) Inc., a company incorporated under the laws of British Columbia, which is a wholly-owned subsidiary of Federal Gold;
<b>“Uchi Property”</b>	means the Uchi property located approximately 80 km east of Red Lake, Ontario, Canada in the Birch-Uchi greenstone belt;
<b>“Uchi Technical Report”</b>	means the independent NI 43-101 technical report entitled “ <i>Technical Report On the South Bay – Uchi Property</i> ” prepared for Federal Gold and ZTR, authored by Jamie Lavigne, P.Geo., of Francis Minerals Ltd. and dated October 23, 2020;
<b>“Voluntary Pooled Federal Gold Shares”</b>	means Resulting Issuer Shares subject to resale restrictions under the terms of a voluntary pooling agreements between certain Federal Gold Shareholders and Federal Gold dated August 7, 2020, August 18, 2020 and October 5, 2020, respectively;

**“Voluntary Pooled ZTR Shares”** means Resulting Issuer Shares subject to resale restrictions under the terms of a voluntary pooling agreement between certain ZTR Shareholders and ZTR dated October 7, 2020;

**“ZTR”** means ZTR Acquisition Corp., a corporation subsisting under the BCBCA;

**“ZTR Shareholders”** means the holders of the ZTR Shares; and

**“ZTR Shares”** means the 28,754,330 common shares issued and outstanding in the capital of ZTR.

All dollar amounts in this Filing Statement are expressed in Canadian dollars unless otherwise indicated.

## SUMMARY OF FILING STATEMENT

*The following is a summary of information relating to ZTR, Federal Gold and the Resulting Issuer (assuming completion of the Transaction) and should be read together with the more detailed information and financial data and statements contained elsewhere in this Filing Statement. Certain capitalized words and terms used in this summary are defined in the Glossary of Terms.*

### THE COMPANIES

ZTR proposes to acquire Federal Gold, by way of a three-cornered amalgamation pursuant to which Federal Gold will amalgamate with Subco. Following Amalgamation, Amalco will be a wholly-owned subsidiary of the Resulting Issuer.

ZTR's proposed acquisition of Federal Gold constitutes a reverse takeover under the policies of the Exchange. The Transaction is an Arm's Length Transaction. Upon completion of the Transaction, the Resulting Issuer will be engaged in the existing business of Federal Gold and is expected to become a Tier 2 Mining Issuer under the policies of the Exchange. See "*Part IV - Information Concerning the Resulting Issuer*".

Federal Gold controls the rights to the Properties. Following completion of the Amalgamation, Amalco will control the rights to the Properties. See "*Part II – Information Concerning Federal Gold*".

### CONCURRENT PRIVATE PLACEMENT

In connection with the Amalgamation, Federal Gold has completed the Concurrent Private Placement to raise aggregate proceeds of \$8,000,000 through the sale of 20,000,000 Subscription Receipts, at a price of \$0.40 per Subscription Receipt. Upon notice of satisfaction of the Escrow Release Conditions, prior to the Release Deadline, escrowed proceeds from the Concurrent Private Placement will be released to the Resulting Issuer, and each Subscription Receipt will be automatically converted (without any further action on the part of the holder and for no additional consideration) into one Federal Gold Share. Those Federal Gold Shares will then convert to Resulting Issuer Shares, respectively, in accordance with the terms of the Amalgamation.

In connection with the Concurrent Private Placement, upon Closing, ZTR will pay an aggregate of \$402,930 in finder's fees and will issue an aggregate of 1,005,975 Resulting Issuer Finder's Warrants to Canaccord Genuity Corp., Leede Jones Gable Inc., PI Financial Corp. and Eventus Capital Corp., all of which are arm's length to the all of the parties to the Transaction.

Upon release from escrow to the Resulting Issuer, the proceeds raised through the Concurrent Private Placement will be used to continue funding the Resulting Issuer's business plan, satisfy the Resulting Issuer's financial obligations and for general working capital purposes.

### AMALGAMATION AGREEMENT

On September 28, 2020, ZTR, Subco and Federal Gold entered into an Amalgamation Agreement, pursuant to which, on Closing, the Resulting Issuer will acquire Federal Gold, in exchange for the issuance of an aggregate of 55,000,001 Resulting Issuer Shares to the Federal Gold Shareholders (such number of Resulting Issuer Shares does not include any securities issuable upon exchange of any convertible securities of Federal Gold, other than the Subscription Receipts).

Subject to obtaining Exchange approval and the issuance of the Final Exchange Bulletin, the Amalgamation will be effected pursuant to Section 269 of the BCBCA. Pursuant to the Amalgamation Agreement, Subco and Federal Gold will amalgamate and continue as Amalco. Amalco will be a wholly-owned subsidiary of the Resulting Issuer.

In connection with the Amalgamation Agreement, ZTR will:

- i. issue to all of the shareholders of Federal Gold, shares of the Resulting Issuer on the basis of one common share in the Resulting Issuer for each common share that they hold in Federal Gold; and
- ii. exchange all of the issued and outstanding convertible securities of Federal Gold for equivalent convertible securities in the Resulting Issuer on a one for one basis, each exercisable on substantially the same terms.

Completion of the Amalgamation is subject to a number of conditions, including requisite shareholder and regulatory approvals of the Transaction and certain other conditions typical of a transaction of this nature.

#### **NAME CHANGE**

ZTR will change its name to “Angold Resources Ltd.” immediately prior to or upon completion of the Transaction.

#### **INTERESTS OF INSIDERS**

Insiders of ZTR will be treated in the same manner as all other Federal Gold Shareholders in connection with the Transaction.

#### **ARM’S LENGTH PARTY TRANSACTION**

The Transaction is an Arm’s Length Transaction under the policies of the Exchange.

#### **AVAILABLE FUNDS AND PRINCIPAL PURPOSES**

The Resulting Issuer is expected to have approximately \$8,865,000 in working capital available on Closing. The Resulting Issuer is expected to use the funds available to it in furtherance of its stated business objectives which are summarized in the table appearing below.

	<b>Estimated Amount</b>
<b>Sources of Funds:</b>	
Estimated working capital <sup>(1)</sup>	\$865,000
Gross proceeds from the Concurrent Private Placement	\$8,000,000
<b>Total Sources</b>	<b>\$8,865,000</b>
<b>Uses of Funds:</b>	

	<b>Estimated Amount</b>
Costs related to the Transaction (including Concurrent Private Placement) <sup>(2)</sup>	\$303,000
Finders fees related to Concurrent Private Placement	\$402,930
Carrying and Maintenance Costs for the Properties <sup>(3)</sup>	\$680,000
Technical Data Review, Geological Mapping and Geophysical Program for the Iron Butte Property	\$150,000
Geophysical Survey and Data Review of the Cordillera Property	\$650,000
Phase I and II Work Program for the Uchi Property	\$1,091,393
Phase I Exploration Program and Phase II Drilling Program for the Dorado Property	\$2,846,000
Corporate marketing and travel costs	\$683,000
Salaries and Consulting Fees	\$480,000
General and administrative expenses for the first 12 months <sup>(4)</sup>	\$688,500
Unallocated working capital to fund ongoing operations	\$890,177
<b>Total Uses</b>	<b>\$8,865,000</b>

## Notes:

- (1) Based on the estimated working capital of ZTR as at November 30, 2020 in the amount of \$160,000 and the estimated working capital of Federal Gold as at November 30, 2020 of \$705,000
- (2) Consisting of legal fees, filing fees, accounting fees and other professional advisory fees related to the Transaction.
- (3) Includes Iron Butte option payment of USD\$70,000.
- (4) Comprised of: \$276,500 (office and rent); \$162,000 (professional fees); and \$250,000 (listing and filing fees).

Based on current projections, the Resulting Issuer's working capital available for funding ongoing operations is expected to meet its expenses for a minimum period of 12 months commencing immediately after the completion of the Transaction.

For additional information, see "Part IV - Information Concerning the Resulting Issuer – Available Funds and Principal Purposes".

Notwithstanding the proposed uses of available funds discussed above, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. It is difficult, at this time, to definitively project the total funds necessary to affect the planned activities of the Resulting Issuer. For these reasons, management of ZTR considers it to be in the best interests of the Resulting Issuer and its shareholders to afford management a reasonable degree of flexibility as to how the funds are employed among the uses identified above, or for other purposes, as the need arises. Further, the above uses of available funds should be considered estimates. See "Forward-Looking Information".

## PROPOSED DIRECTORS AND OFFICERS OF THE RESULTING ISSUER

Upon Closing, the Resulting Issuer’s Board of Directors will be reconstituted to consist of Adrian Rothwell, Galen McNamara, Brandon Bonifacio, Rony Zimmerman and such other persons agreeable to both Federal Gold and ZTR. Officers of the Resulting Issuer will consist of Adrian Rothwell as Chief Executive Officer (“CEO”), Gavin Cooper as Chief Financial Officer (“CFO”) and Corporate Secretary, and such other persons agreeable to both Federal Gold and ZTR.

## SELECTED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

Upon completion of the Transaction, ZTR or the Resulting Issuer will have no long or short term debt and approximately \$8,865,000 in working capital. The issued share capital of the Resulting Issuer will be 83,941,831 Resulting Issuer Shares (See “Part IV - Information Concerning the Resulting Issuer – Pro Forma Capitalization” and the unaudited Pro Forma Financial Statements of the Resulting Issuer as at September 30, 2020 attached to this Filing Statement as Appendix D).

The following table contains certain pro forma financial information regarding the Resulting Issuer. This table should be read in conjunction with the pro forma consolidated financial statements of the Resulting Issuer included in this Filing Statement as Appendix D.

### Pro Forma Consolidated Balance Sheet

	Pro Forma Balance Sheet as at September 30, 2020
Total assets	\$10,404,934
Total long and short term liabilities	\$374,890

The following information should be read in conjunction with the financial statements and reports thereon included in this Filing Statement, being:

- interim unaudited (reviewed) financial statements of ZTR for the nine months ended September 30, 2020;
- audited financial statements of ZTR for the years ended December 31, 2019, 2018 and 2017, are attached as Appendix A hereto;
- audited financial statements of Federal Gold for the year ended April 30, 2020 and for the period from incorporation on July 25, 2018 to April 30, 2019, are attached as Appendix B hereto;
- interim unaudited (reviewed) financial statements of Federal Gold for the three months ended July 31, 2020; and
- audited financial statements of TY & Sons for the years ended August 31, 2020 and 2019 are attached as Appendix C.

## **MARKET FOR SECURITIES AND MARKET PRICE**

The ZTR Shares are listed on the NEX board of the TSX Venture Exchange under the trading symbol “ZTR.H” and were halted from trading on August 18, 2020 pending Closing of the Transaction. The closing market price of the ZTR Shares on August 17, 2020, the most recent day on which there was a trade of ZTR Shares prior to the trading halt was \$0.17. It is anticipated that the Resulting Issuer Shares will begin trading on the Exchange upon completion of the Transaction under the symbol “AAU”. There is no public market for the shares of Federal Gold.

## **CONFLICTS OF INTEREST**

Some of the individuals proposed for appointment or acting as directors or officers of the Resulting Issuer upon the completion of the Transaction are also directors, officers and/or promoters of other reporting and non-reporting issuers. As of the date of this Filing Statement and to the knowledge of the directors and officers of ZTR and Federal Gold, there are no existing conflicts of interest between the Resulting Issuer and any of the individuals proposed for appointment or acting as directors or officers following the completion of the Transaction. Conflicts of interest, if any, will be subject to, and will be resolved in accordance with, the procedures and remedies under the BCBCA.

## **INTEREST OF EXPERTS AND OTHERS**

The audit reports of ZTR described or included in this Filing Statement and the audit reports of Federal Gold described or included in this Filing Statement were prepared by Dale Matheson Carr-Hilton LaBonte LLP, Chartered Professional Accountants. Dale Matheson Carr-Hilton LaBonte LLP, Chartered Professional Accountants does not beneficially own, directly or indirectly, any securities, nor does it have any interest in the property of ZTR or Federal Gold. Moreover, Dale Matheson Carr-Hilton LaBonte LLP, Chartered Professional Accountants, has advised ZTR and Federal Gold that it is independent within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia.

Information relating to the Uchi Property in this Filing Statement has been prepared and certified by Jamie Lavigne, P.Geo and information relating to the Dorado Property in this Filing Statement has been prepared and certified by David Hopper, Chartered Geologist of the Geological Society of London (Fellow No. 1030584). Jamie Lavigne, P.Geo and David Hopper are qualified persons as such term is defined in NI 43-1010. Jamie Lavigne, P.Geo and David Hopper do not beneficially own, directly or indirectly, any securities, nor does it have any interest in the property of ZTR or Federal Gold.

In addition, none of the aforementioned Persons or companies, nor any director, officer or employee of any of the aforementioned Persons or companies, is or is expected to be elected, appointed or employed as a director, officer or employee of the Resulting Issuer or of any Associate or Affiliate of the Resulting Issuer. See “*Forward-Looking Information*”.

Moreover, except as disclosed herein, none of the aforementioned Persons or companies nor any director, officer or employee of any of the aforementioned Persons or companies, currently holds more than 1% of the ZTR Shares and, upon completion of the Transaction, is not expected to hold more than 1% of the issued and outstanding Resulting Issuer Shares.

**RISK FACTORS**

ZTR, and thus the securities of ZTR, should be considered highly speculative investments and the transactions contemplated herein should be considered to be of a high-risk nature. For a comprehensive discussion of the risk factors relating to the Resulting Issuer, see “*Risk Factors*”.

**CONDITIONAL APPROVAL OF EXCHANGE**

The Exchange has conditionally accepted the Transaction, subject to ZTR fulfilling all of the requirements of the Exchange. There is no assurance that ZTR will be able to meet all of such requirements. If ZTR is unable to meet all of such requirements, the Transaction will not be completed.

## **RISK FACTORS**

*There are a number of risk factors associated with ZTR, Federal Gold and the Transaction. Upon completion of the Transaction, Federal Gold's current business will be the business of the Resulting Issuer. Accordingly, risk factors relating to Federal Gold's current business will be risk factors relating to the Resulting Issuer's business and references to Federal Gold in these risk factors should, where the context requires, be read to include the risks to the Resulting Issuer. An investment in the securities of the Resulting Issuer involves significant risks. Investors should carefully consider the risks described below and the other information contained in this Filing Statement before making an investment in the Resulting Issuer. Additional risks and uncertainties not presently known to ZTR and Federal Gold or that ZTR and Federal Gold currently consider immaterial may also impair the business and operations of the Resulting Issuer and cause the trading price of the Resulting Issuer Shares to decline. If any of the following or other risks occur, the Resulting Issuer's business, prospects, financial condition, results of operations and cash flows could be materially adversely impacted. In that event, the trading price of the Resulting Issuer Shares could decline and you could lose all or part of your investment. There is no assurance that risk management steps taken will avoid future loss due to the occurrence of the risks described below or other unforeseen risks.*

### **RISK FACTORS RELATED TO THE TRANSACTION**

#### **Completion of the Transaction**

Completion of the Transaction is subject to, among other things, the acceptance of the Exchange and the receipt of all necessary regulatory approvals. 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. In the event that any of those conditions are not satisfied or waived, the Transaction may not be completed. 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 ZTR or the trading price of ZTR Shares after completion of the Transaction. In addition, there are other risks associated with the Transaction including (i) market reaction to the Transaction and the future trading prices of the Resulting Issuer Shares cannot be predicted; and (ii) uncertainty as to whether the Transaction will have a positive impact on the entities involved therein.

In addition to the foregoing, each of ZTR and Federal Gold 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 Amalgamation.

#### **Following Completion of the Transaction, the Resulting Issuer may Issue Additional Equity Securities**

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

#### **Change of Shareholder Influence**

Immediately after the completion of the Transaction, former Federal Gold Shareholders will own approximately 65.5% of the Resulting Issuer Shares on a non-diluted basis. Former Federal Gold Shareholders may therefore be in a position to exercise significant influence over all matters requiring shareholder approval, including the election of directors, determination of significant corporate actions,

amendments to the Resulting Issuer's articles of incorporation and the approval of any business combinations, mergers or takeover attempts, in a manner that could conflict with the interests of other shareholders. Although there are no agreements or understandings among the Federal Gold Shareholders of which ZTR or Federal Gold is aware as to voting, if they voted in concert they would exert more influence over the Resulting Issuer than would the former ZTR Shareholders.

## **GENERAL RISKS**

### **Limited Operating History**

Neither ZTR nor Federal Gold has a history of earnings or profitability and the Resulting Issuer will have no history of earnings or profitability. The likelihood of success of the Resulting Issuer must be considered in light of the problems, expenses, difficulties, complication and delays frequently encountered in connection with the establishment of any business. The Resulting Issuer will have limited financial resources and there is no assurance that additional funding will be available to it for further operations or to fulfill its obligations under applicable agreements. There is no assurance that the Resulting Issuer will be able to generate revenues, operate profitably, or provide a return on investment, or that it will successfully implement its plans.

### **Negative Operating Cash Flow and Dependence on Third Party Financing**

Neither ZTR nor Federal Gold has a source of operating cash flow and there can be no assurance that the Resulting Issuer will ever achieve profitability. Accordingly, it is dependent on third party financing to continue business activities, maintain capacity and satisfy contractual obligations. The amount and timing of expenditures will depend on a number of factors, including in material part the progress of ongoing exploration, the results of consultants' analyses and recommendations, the rate at which operating losses are incurred, the entering into of any strategic partnerships and the acquisition of additional property interests. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the Resulting Issuer's properties or require it to sell, one or more of its properties.

### **Uncertainty of Additional Funding**

As stated above, the Resulting Issuer will be dependent on third party financing, whether through debt, equity, or other means. There is no assurance that it will be successful in obtaining required financing in the future or that such financing will be available on terms acceptable to the Resulting Issuer. Volatile resource markets, a claim against the Resulting Issuer, a significant event disrupting the Resulting Issuer's business, or other factors may make it difficult or impossible to obtain financing through debt, equity, or other means on favourable terms, or at all. In addition, any future financing may also be dilutive to existing shareholders of the Resulting Issuer.

### **Competitive Conditions**

The Resulting Issuer will actively compete for resource acquisitions, exploration leases, licenses and concessions and skilled industry personnel with a substantial number of other mining companies, many of which have significantly greater financial resources than the Resulting Issuer. The Resulting Issuer's competitors will include major integrated mining companies and numerous other independent mining companies and individual producers and operators.

### **Reliance Upon Management**

The Resulting Issuer will be dependent upon the continued support and involvement of its principals and management. Should the Resulting Issuer lose the services of one or more of the principals or management, the ability of the Resulting Issuer to achieve its objectives could be adversely affected.

## **Title to Properties**

The Resulting Issuer will diligently investigate all title matters concerning the ownership of all mining claims and plans to do so for all new claims and rights to be acquired. Any newly acquired options entitling the Resulting Issuer to acquire mining properties may be affected by undetected defects in title, such as the reduction in size of the mining titles and other third party claims affecting the Resulting Issuer's interests. Maintenance of such interests is subject to ongoing compliance with the terms governing such mining titles. Mining properties sometimes contain claims or transfer histories that examiners cannot verify. A successful claim that the Resulting Issuer does not have title to any of its mining properties could cause the Resulting Issuer to lose any rights to explore, develop and extract any ore on that property, without compensation for its prior expenditures relating to such property.

## **Conflicts of Interest**

The Board of Directors may become directors of other reporting companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Resulting Issuer may participate, the Board of Directors may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. The Resulting Issuer and the Board of Directors will attempt to minimize such conflicts. In the event that such a conflict of interest arises at a meeting of the Board of Directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In appropriate cases, the Resulting Issuer will establish a special committee of independent directors to review a matter in which several directors, or management, may have a conflict. Conflicts, if any, will be subject to the procedures and remedies as provided under the BCBCA. The provisions of the BCBCA require a director or officer of a corporation who has a material interest in a contract or transaction of the corporation, or a director or officer of a corporation who is a director or officer of or has a material interest in a Person who has a material interest in a contract or transaction with the corporation, to disclose his or her interest and, in the case of directors, to refrain from voting on any matter in respect of such contract unless permitted under the BCBCA, as the case may be. Other than as indicated, the Resulting Issuer has no other procedures or mechanisms to deal with conflicts of interest.

## **Permits and Licences**

The operations of the Resulting Issuer will require licences and permits from various governmental and nongovernmental authorities. The Resulting Issuer will obtain all necessary licences and permits required to carry on with activities which it proposes to conduct under applicable laws and regulations. However, such licences and permits are subject to changes in regulations and in various operating circumstances. There can be no assurance that the Resulting Issuer will be able to obtain all necessary licences and permits required to carry out exploration, development and extraction operations on its mining properties. See *Part III: "Information concerning the Uchi Property and the Dorado Property"*.

## **Environmental and other Regulatory Requirements**

Environmental and other regulatory requirements will affect the future operations of the Resulting Issuer, including exploration and development activities and commencement of production on the Resulting Issuer's mining properties. Such projects will require permits from various federal and local governmental authorities and such operations are and will be governed by laws and regulations governing exploration, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. The Resulting Issuer believes it is in substantial compliance with all material laws and regulations which currently apply to its activities. Companies engaged in the development and operation of mines and related facilities often experience increased costs, and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits.

Additional permits and studies, which may include environmental impact studies conducted before permits can be obtained, may be necessary prior to operation of the Resulting Issuer's mining properties and there can be no assurance that the Resulting Issuer will be able to obtain or maintain all necessary permits that may be required to commence construction, development or operation of ore extraction facilities at the Resulting Issuer's mining properties on terms which enable operations to be conducted at economically justifiable costs. See Part III: *"Information concerning the Uchi Property and the Dorado Property"*.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions, 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 exploration activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Resulting Issuer and cause increases in capital expenditures or production costs or reductions in levels of production at producing properties or require abandonment or delays in development of new mining properties.

### **Political Regulatory Risks**

Any changes in government policy may result in changes to laws affecting ownership of assets, exploration policies, monetary policies, taxation, rates of exchange, environmental regulations, labour relations and return of capital. This may affect both the Resulting Issuer's ability to undertake exploration and development activities in respect of present and future properties in the manner currently contemplated, as well as its ability to continue to explore, develop and operate those properties in which it has an interest or in respect of which it has obtained exploration and development rights to date. The possibility that future governments may adopt substantially different policies, which might extend to expropriation of assets, cannot be ruled out.

### **Risk of Global Outbreaks of Contagious Diseases**

Risk of global outbreaks of contagious diseases, including the outbreak of a novel coronavirus have the potential to significantly and adversely impact operations and business of the Resulting Issuer. On March 11, 2020, the World Health Organization recognized COVID-19 as a global pandemic. ZTR is continuously evaluating the uncertainty and impact of the outbreak on its ability to operate due to employee absences, the length of travel and quarantine restrictions imposed by governments of affected countries, information technology constraints, government interventions, market volatility, overall economic uncertainty and other factors currently unknown and not anticipated.

There can be no certainty that COVID-19, or other infectious illness, and the restrictive measures implemented to slow the spread of the virus will not materially impact operations or personnel of the Resulting Issuer. It is not possible to predict the duration or magnitude of the adverse results of the outbreak and its effects on the business of the Resulting Issuer, the results of operations or the ability to raise funds at this time.

### **Volatility of Share Price**

In recent years, the securities markets in the United States and Canada, and the Exchange in particular, have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance

that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Resulting Issuer Shares will be subject to market trends and conditions generally, notwithstanding any potential success of the Resulting Issuer in creating revenues, cash flows or earnings.

### **Liquidity**

The Resulting Issuer cannot predict at what prices the Resulting Issuer Shares will trade upon completion of the Transaction, and there can be no assurance that an active trading market in the Resulting Issuer Shares will develop or be sustained. Acceptance of the Exchange has not yet been obtained. There is a significant liquidity risk associated with an investment in the Resulting Issuer Shares.

### **Dividends**

At the present time it is unlikely shareholders will receive a dividend on the Resulting Issuer Shares.

## **MINING RELATED RISKS**

### **No Known Mineral Reserves or Mineral Resources**

There are no known bodies of commercial minerals on the Properties. The exploration programs undertaken and proposed constitute an exploratory search for mineral resources or programs to qualify identified mineralization as mineral resources. There is no assurance that the Resulting Issuer will be successful in its search for mineral resources and mineral reserves.

### **Exploration Risks**

The Properties are in early exploration stages and is without a known body of commercially exploitable ore. Exploration for mineral resources involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. The risks and uncertainties inherent in exploration activities include but are not limited to: general economic, market and business conditions, the regulatory process and actions, failure to obtain necessary permits and approvals, technical issues, new legislation, competitive and general economic factors and conditions, the uncertainties resulting from potential delays or changes in plans, the occurrence of unexpected events and management's capacity to execute and implement its future plans. The discovery of mineral deposits is dependent upon a number of factors, not the least of which are the technical skills of the exploration personnel involved and the capital required for the programs. The cost of conducting exploration programs may be substantial and the likelihood of success is difficult to assess. There is no assurance that the Resulting Issuer's mineral exploration activities will result in any discoveries of new bodies of commercial ore. There is also no assurance that even if commercial quantities of ore are discovered that a new ore body will be developed and brought into commercial production. The commercial viability of a mineral deposit once discovered is also dependent upon a number of factors, most of which factors are beyond the control of the Resulting Issuer and may result in the Resulting Issuer not receiving adequate return on investment capital.

## **PART I - INFORMATION CONCERNING ZTR**

*The following information is presented on a pre-Amalgamation basis and prior to giving effect to the Transaction. See “Part IV - Information Concerning the Resulting Issuer” for pro forma business, financial and share capital information relating to the Resulting Issuer.*

### **NAME AND INCORPORATION**

The full name of ZTR is “ZTR Acquisition Corp.”

The head office of ZTR is located at Suite 918 – 1030 West Georgia Street, Vancouver, British Columbia, V6E 2Y3. The registered and records office of ZTR is located at Suite 2200 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8.

On October 6, 2004, ZTR was incorporated under the *Canada Business Corporations Act*, under the name Huntingdon Capital Inc. On July 25, 2007, the name of ZTR was changed from “Huntingdon Capital Inc.” to “MetroBridge Networks International Inc.” On December 6, 2011, ZTR changed its name from “MetroBridge Networks International Inc.” to “Clemson Resources Corp.” On October 22, 2012, ZTR completed a continuation under the BCBCA. On April 15, 2013, ZTR changed its name from “Clemson Resources Corp.” to “Oyster Oil and Gas Ltd.” On June 12, 2019, ZTR changed its name to “ZTR Acquisition Corp.”

ZTR currently has no subsidiaries other than Subco which was incorporated on September 23, 2020 under the BCBCA solely for the purpose of this Transaction. The full name of Subco is “1266857 B.C. Ltd.”

On Closing, it is anticipated that the Resulting Issuer will change its name to “Angold Resources Ltd.”

### **GENERAL DEVELOPMENT OF BUSINESS**

#### **History**

ZTR Shares are listed on the Exchange under the trading symbol “ZTR.H”. On June 19, 2019, ZTR was reclassified as a NEX Issuer by the Exchange. Trading in the ZTR Shares was halted on August 18, 2020, following the entering into of a letter of intent in respect of the Amalgamation. The closing price of the ZTR Shares on the last day the ZTR Shares traded before the halt (August 17, 2020) was \$0.17. Trading in the ZTR Shares remains halted as of the date of this Filing Statement.

On July 26, 2007, ZTR completed an RTO involving the acquisition of MetroBridge Networks Corporation, and in connection therewith, completed a consolidation of its common shares on the basis of 0.784 of a common share for each common share issued and outstanding immediately prior to the consolidation.

On September 15, 2009, ZTR consolidated its common shares on a basis of one post-consolidation common share for every ten pre-consolidation common shares.

On May 31, 2011, ZTR sold substantially all of its assets to Terago Inc.

On July 17, 2012, ZTR completed a “Change of Business” (as such term is defined in Exchange Policy 5.2 – *Changes of Business and Reverse Takeovers*) and became a Tier 2 Mining Issuer pursuant to the policies of the Exchange.

On October 22, 2012, ZTR completed a continuation under the BCBCA.

On March 12, 2013, ZTR acquired Oyster Oil and Gas Limited, a private company with operations in the oil and gas industry.

On June 19, 2019, ZTR completed a debt settlement transaction pursuant to which ZTR transferred substantially all of its oil and gas assets (including its wholly-owned operating subsidiary, Oyster Oil & Gas Limited) to Northbay Capital Partners Corp. and Gunsynd PLC (collectively, the “**Creditors**”), in settlement (the “**Settlement**”) of outstanding debts owing to the Creditors. As a result of the Settlement, ZTR no longer has any operating assets.

On June 12, 2020, ZTR consolidated its common shares on a basis of one post-consolidation common share for every five pre-consolidation common shares. Further, ZTR completed a non-brokered private placement of 20,000,000 post-consolidation common shares, at a price of \$0.05 per post-consolidation common share.

### **Amalgamation Agreement**

On September 28, 2020, ZTR, Subco and Federal Gold entered into an Amalgamation Agreement pursuant to which, on Closing, the Resulting Issuer will acquire Federal Gold, in exchange for the issuance of an aggregate of 55,000,001 Resulting Issuer Shares to the Federal Gold Shareholders.

Subject to obtaining Exchange approval and the issuance of the Final Exchange Bulletin, the Amalgamation will be effected pursuant to Section 269 of the BCBCA. Pursuant to the Amalgamation Agreement, Subco and Federal Gold will amalgamate and continue as Amalco. Amalco will be a wholly-owned subsidiary of the Resulting Issuer.

In connection with the Amalgamation Agreement, ZTR will issue to all of the shareholders of Federal Gold, shares of the Resulting Issuer on the basis of one Resulting Issuer Share for each Federal Gold Share they hold.

Completion of the Amalgamation is subject to a number of conditions, including regulatory approvals of the Transaction and certain other conditions typical of a transaction of this nature.

### **Existing Business**

As at the date of this Filing Statement, ZTR no longer has any active business operations or sources of revenue and is currently in the process of searching for and evaluating new business opportunities.

## **SELECTED FINANCIAL INFORMATION AND MANAGEMENT’S DISCUSSION AND ANALYSIS**

### **Selected Financial Information**

A summary of selected financial information of ZTR for the nine-month unaudited interim period ended September 30, 2020, and for the years ended December 31, 2019, 2018 and 2017 is as follows and should be read in conjunction with ZTR’s interim unaudited financial statements for the nine months ended September 30, 2020 and the audited financial statements for the years ended December 31, 2019, 2018 and 2017 attached as Appendix A:

	<b>Nine Months Ended September 30, 2020 (unaudited)</b>	<b>Financial Year Ended December 31, 2019 (audited)</b>	<b>Financial Year Ended December 31, 2018 (audited)</b>	<b>Financial Year Ended December 31, 2017 (audited)</b>
Total revenues	\$ -	\$ -	\$ -	\$ -
Total expenses	\$121,629	\$325,155	\$587,871	1,191,675
Net income/(loss) and comprehensive income/(loss) for the year	\$(131,548)	\$(203,177)	\$(10,435,322)	\$(1,351,874)
Basic and diluted loss per share <sup>(2)</sup>	\$(0.01)	\$(0.00)	\$(0.24)	\$(0.03)
Total assets	\$498,408	\$138,969	\$2,087,902	\$11,701,598
Total current liabilities	\$217,304	\$726,317	\$2,472,073	\$1,671,697
Total long-term financial liabilities	Nil	Nil	Nil	Nil
Cash dividends declared per share <sup>(2)</sup>	Nil	Nil	Nil	Nil
Amounts deferred in connection with the Transaction	Nil	Nil	Nil	Nil

Notes:

- (1) The information presented is derived from the respective interim and annual audited financial statements which have been prepared by management and are in accordance with IFRS and presented in Canadian dollars.
- (2) Per share information has been retroactively adjusted to reflect the June 12, 2020 consolidation on a 5:1 basis.

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

ZTR's MD&A for the year ended December 31, 2019 and for the nine-month interim period ended September 30, 2020 are attached as Appendix "E" hereto.

## **DESCRIPTION OF SECURITIES**

### **Common Shares**

The authorized capital of ZTR consists of an unlimited number of common shares and an unlimited number of preferred shares without par value. As of the date of the Filing Statement, there are 28,754,330 common shares issued and outstanding, each share carrying the right to one vote. ZTR is authorized to issue an unlimited number of common shares. No group of shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the common shares. The holders of common shares are entitled to dividends, if, as and when declared by the Board of Directors, to one vote per share at meetings of the shareholders of ZTR and, upon liquidation, to share equally in such assets of ZTR as are distributable to the holders of ZTR Shares.

## Preferred Shares

ZTR is authorized to issue an unlimited number of preferred shares. As of the date of this Filing Statement, there are no preferred shares issued.

## STOCK OPTIONS

ZTR has implemented the Stock Option Plan pursuant to which the Board of Directors may grant options to purchase ZTR to officers, directors and employees of the Company or affiliated corporations and to consultants retained by ZTR.

The purpose of the Stock Option Plan is to attract, retain, and motivate officers, directors, employees and other service providers by providing them with the opportunity, through options, to acquire an interest in ZTR and benefit from ZTR's growth. Under the Stock Option Plan, the maximum number of ZTR Shares reserved for issuance, including options currently outstanding, is equal to ten (10%) percent of the ZTR Shares outstanding from time to time (the "**10% Maximum**"). The 10% Maximum is an "evergreen" provision, meaning that, following the exercise, termination, cancellation or expiration of any options, a number of ZTR Shares equivalent to the number of options so exercised, terminated, cancelled or expired would automatically become reserved and available for issuance in respect of future option grants.

The number of ZTR Shares which may be the subject of options on a yearly basis to any one Person cannot exceed five (5%) percent of the number of issued and outstanding ZTR Shares at the time of the grant. Options may be granted to any employee, officer, director, consultant, affiliate or subsidiary of ZTR exercisable at a price which is not less than the Discounted Market Price (as such term is defined in the Exchange Policies) of ZTR Shares on the date of the grant. The directors of ZTR may, by resolution, determine the time period during which any option may be exercised, provided that the exercise period does not contravene any rule or regulation of the Exchange. All options will terminate on the earliest to occur of (a) the expiry of their term; (b) the date of termination of an optionee's employment, office or position as director, if terminated for just cause; (c) ninety (90) days (or such other period of time as permitted by the Exchange) following the date of termination of an optionee's position as a director or officer, if terminated for any reason other than the optionee's disability or death; (d) thirty (30) days following the date of termination of an optionee's position as a consultant engaged in investor relations activities, if terminated for any reason other than the optionee's disability, death, or just cause; and (e) the date of any sale, transfer or assignment of the option.

Options are non-assignable and are subject to early termination in the event of the death of a participant or in the event a participant ceases to be an officer, director, employee, consultant, affiliate, or subsidiary of ZTR, as the case may be. Subject to the foregoing restrictions, and certain other restrictions set out in the Stock Option Plan, the Board of Directors is authorized to provide for the granting of options and the exercise and method of exercise of options granted under the Stock Option Plan.

As of the date of the Filing Statement, there are 85,000 incentive stock options of ZTR granted under the Stock Option Plan.

**PRIOR SALES**

During the 12-month period prior to the date of this Filing Statement, ZTR has issued the following securities:

Date	Number and Type of Securities	Issue Price	Aggregate Issue Price	Consideration Received
June 12, 2020	20,000,000 ZTR Shares	\$0.05	\$1,000,000	Cash

**STOCK EXCHANGE PRICE**

The following table sets out trading information for the ZTR Shares for the periods indicated.

Trading Periods	High	Low	Trading Volume
November 2020 <sup>(1)</sup>	n/a	n/a	n/a
October 2020 <sup>(1)</sup>	n/a	n/a	n/a
September 2020 <sup>(1)</sup>	n/a	n/a	n/a
August 2020 <sup>(1)</sup>	\$0.170	\$0.075	205,900
July 2020	n/a	n/a	n/a
June 2020	n/a	n/a	1
May 2020	\$0.010	\$0.010	10,000
April 2020	\$0.010	\$0.010	3,000
January – March 2020	\$0.010	\$0.010	95,000
October – December 2019	\$0.015	\$0.005	1,377,300
July – September 2019	\$0.015	\$0.005	532,350
April – June 2019	\$0.010	\$0.010	25,052
January – March 2019	\$0.050	\$0.030	140,000
October – December 2018	\$0.070	\$0.040	1,505,373
July – September 2018	\$0.200	\$0.075	588,067

Notes:

- (1) March 1, 2019 - Halted from trading (Oyster Oil & Gas)
- (2) June 19, 2019 - Name change to ZTR Acquisition Corp. (trading still halted)
- (3) June 24, 2019 – Trading symbol change from ZTR to ZTR.H and trading resumed
- (4) June 12, 2020 – Consolidation on the basis of 1 new for 5 old
- (5) Trading of ZTR Shares were halted on August 18, 2020 in connection with the announcement of the Transaction.

## EXECUTIVE COMPENSATION

In accordance with the provisions of applicable securities legislation, ZTR had two “Named Executive Officers” during the financial year ended December 31, 2019, namely Martin Bajic (President, Interim Chief Executive Officer and Chief Financial Officer) and Michael Wood (former Chief Executive Officer and Director). For the purpose of this Filing Statement, “Named Executive Officer” of ZTR means an individual who, at any time during the year, was:

- (a) a CEO;
- (b) a CFO;
- (c) each of the three most highly compensated executive officers of the company, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the financial year ended December 31, 2019 whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(6) of National Instrument 51-102, for that financial year; and
- (d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the company or its subsidiaries, nor acting in a similar capacity, at the end of that financial year;

### Compensation Discussion and Analysis

The Board of Directors of ZTR does not have a compensation committee as the Board of Directors is responsible for determining all forms of compensation, including long-term incentive compensation in the form of stock options, to be granted to the chief executive officer and the directors, and for reviewing the chief executive officer’s recommendations respecting compensation of the other officers of ZTR. In its review and determination of executive compensation, the Board of Directors strives to ensure such arrangements reflect the responsibilities and risks associated with each position. When determining the compensation of its officers, the Board of Directors considers: (i) recruiting and retaining executives critical to the success of ZTR and the enhancement of shareholder value; (ii) providing fair and competitive compensation; (iii) balancing the interests of management and ZTR Shareholders; and iv) rewarding performance, both on an individual basis and with respect to operations in general.

ZTR does not have written employment agreements with its Named Executive Officers (as defined above).

### Option-Based Awards

The Stock Option Plan is used to attract, retain and incentivize qualified and experienced personnel. The Stock Option Plan is an important part of ZTR’s long-term incentive strategy for its NEOs, as well as for its other directors, officers, other management, employees and consultants (collectively, “**eligible persons**”), permitting them to participate in any appreciation of the market value of the ZTR Shares over a stated period of time. The Stock Option Plan is designed to foster a proprietary interest in stock ownership, and to reinforce a commitment to ZTR’s long-term growth, performance and success as well as increases in shareholder value. The Board of Directors reviews the grant of stock options to NEOs from time to time, based on various factors such as the NEO’s level of responsibility and role and importance in ZTR achieving its corporate goals, objectives and prospects. Previous grants of options are taken into account when considering new grants of stock options to NEOs.

## Use of Financial Instruments

ZTR does not have a policy that would prohibit a NEO or director from purchasing financial instruments, including prepaid variable forward contracts, equity swaps, collars or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director. However, management is not aware of any NEO or director purchasing such an instrument.

Martin Bajic is sole current NEO of ZTR for the purposes of the following disclosure. Mr. Bajic is not an employee of ZTR. Mr. Bajic provides or has provided his services as an officer of ZTR in his capacity as consultant to ZTR. The compensation for the NEOs, received directly or indirectly, for the financial years ended December 31, 2019, 2018 and 2017 are as follows:

### NEO SUMMARY OF COMPENSATION TABLE

Name and principal position	Period ended	Salary (\$)	Share-based awards (\$)	Option-based awards (\$) <sup>(4)</sup>	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-term incentive plans			
Martin Bajic <sup>(1)</sup> Director, President, CEO and CFO	2019 <sup>(2)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2018 <sup>(2)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2017 <sup>(2)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Michael Wood Former Director and CEO <sup>(3)</sup>	2019 <sup>(2)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2018 <sup>(2)</sup>	245,000	Nil	Nil	Nil	Nil	Nil	Nil	245,000
	2017 <sup>(2)</sup>	218,742	Nil	Nil	Nil	Nil	Nil	Nil	218,742
Bruce McNaught Former Director and CFO <sup>(4)</sup>	2019 <sup>(2)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2018 <sup>(2)</sup>	30,000	Nil	Nil	Nil	Nil	Nil	Nil	30,000
	2017 <sup>(2)</sup>	30,000	Nil	Nil	Nil	Nil	Nil	Nil	30,000

Notes:

- (1) Mr. Bajic was appointed as CFO of ZTR on June 25, 2018 and President, CEO and a director of ZTR on February 8, 2019.
- (2) Represents fiscal year ended.
- (3) Mr. Wood resigned as director and President and CEO of ZTR on February 8, 2019.
- (4) Mr. McNaught resigned as director and CFO of ZTR on June 25, 2018.

### Incentive Plan Awards

ZTR has in effect the Stock Option Plan in order to provide effective incentives to directors, officers, senior management personnel and employees of ZTR and to enable ZTR to attract and retain experienced and qualified individuals in those positions by permitting such individuals to directly participate in an increase in per share value created for ZTR Shareholders. ZTR has no equity incentive plans other than the Stock Option Plan.

During the year ended December 31, 2019, no incentive stock options were outstanding to NEOs under the Stock Option Plan.

### Termination and Change of Control Benefits

ZTR does not currently have any contract, agreement, plan or arrangement, that provides for payments to a NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control in ZTR or a change in the NEO's responsibilities.

### Director Compensation

There are no formal plans other than the Stock Option Plan pursuant to which options to purchase securities of ZTR were or may be granted to executive officers. ZTR grants incentive stock options from time to time to its directors, officers, consultants and employees in accordance with Exchange Policy at the discretion of its Board of Directors.

During the financial year ended December 31, 2019, ZTR provided the following compensation to certain of its directors; no options were granted under the Stock Option Plan to directors.

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$) <sup>(4)</sup>	Non-equity incentive plan compensation (\$)	All other compensation (\$)	Total Compensation (\$)
Martin Bajic	2,186	Nil	Nil	Nil	Nil	2,186
Gavin Cooper	1,841	Nil	Nil	Nil	Nil	1,841
Philip Rand <sup>(1)</sup>	2,811	Nil	20,000	Nil	Nil	2,811
Michael Wood	682	Nil	Nil	Nil	Nil	682
Gregory Turnbull	808	Nil	Nil	Nil	Nil	808

### ARM'S LENGTH TRANSACTIONS

The Amalgamation is an Arm's Length Transaction within the meaning of the policies of the Exchange.

**CONDITIONAL LISTING APPROVAL**

The Exchange has conditionally accepted the Transaction, subject to ZTR fulfilling all of the requirements of the Exchange. There is no assurance that ZTR will be able to meet all of such requirements. If ZTR is unable to meet all of such requirements, the Transaction will not be completed.

**LEGAL PROCEEDINGS**

ZTR is not currently a party to any actual or pending material legal proceedings to which it is or is likely to be a party or of which any of its assets are or are likely to be subject. Management of ZTR is currently not aware of any legal proceedings contemplated against it.

**AUDITOR, TRANSFER AGENT AND REGISTRAR**

The independent auditor of ZTR is Dale Matheson Carr-Hilton LaBonte LLP, Chartered Professional Accountants located at Suite 1500, 1140 West Pender Street, Vancouver, British Columbia, V4A 4N2.

The transfer agent and registrar of ZTR is Computershare Investor Services Inc. located at 3rd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9.

**MATERIAL CONTRACTS**

ZTR is a party to the Amalgamation Agreement dated September 28, 2020 among ZTR, Subco and Federal Gold.

Copies of this agreement will be available for inspection at the registered office of ZTR located at 2200 - 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8, during ordinary business hours from the date hereof until completion of the Transaction and for a period of 30 days thereafter, as well as on ZTR's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

## PART II - INFORMATION CONCERNING FEDERAL GOLD

*The following information provided by Federal Gold and is reflective of the current business, financial and share capital positions of Federal Gold. See “Part IV - Information Concerning the Resulting Issuer” for pro forma business, financial and share capital information relating to the Resulting Issuer following the Transaction.*

### NAME AND INCORPORATION

Federal Gold is a private company, incorporated under the name “Federal Gold Corp.” on July 25, 2018, pursuant to the provisions of the BCBCA. The registered and records office of Federal Gold is located at Suite 907, 1030 West Georgia Street, Vancouver, British Columbia, V6E 2Y3. No public market exists for the Federal Gold Shares.

Federal Gold has three wholly-owned subsidiaries: (i) TY & Sons Explorations (Chile) Inc., a company incorporated under the laws of British Columbia (“**TY & Sons**”); (ii) Rio Explorations SpA (“**Rio**”), a company organized and existing under the laws of Chile, tax number 76.751.851-K, which is a wholly-owned subsidiary of TY & Sons, and owns the rights to the Dorado Property and the Cordillera Property in Chile; and (iii) Angold Resources (USA) Ltd., a company incorporated under the laws of Nevada, USA, which owns the Nevada concessions surrounding the Iron Butte Property. Mr. Galen McNamara is the sole director of TY & Sons. Mr. Rony Zimmerman and Mr. McNamara are the directors of Rio. Mr. Galen McNamara and Mr. Adrian Rothwell are the directors and Mr. Rothwell is the President and Corporate Secretary of Angold Resources (USA) Ltd.

### GENERAL DEVELOPMENT OF THE BUSINESS

#### The Properties

Federal Gold is a widely-held private company which controls the rights to the Properties located in the Province of Ontario, the State of Nevada and the Republic of Chile, respectively. Following completion of the Transaction, it is anticipated that exploration and development of the Uchi Property and the Dorado Property will be the primary focus of the Resulting Issuer.

#### *The Uchi Property*

Federal Gold staked the Uchi Property during the fall of 2019, and subsequently, staked an additional 70 claims contiguous to the north and west of the Uchi Property covering an area of 1,410 ha in September 2020. The Uchi Property is located approximately 80 km east of Red Lake, Ontario, Canada in the Birch-Uchi greenstone belt. The western portion of the Uchi Property is adjacent to the past-producing South Bay Cu-Zn-Ag mine. The eastern portion of the Uchi Property is adjacent to the past-producing Uchi Au mine. The Uchi Property, which covers an area of 6,868 hectares represents a regional exploration opportunity in a greenstone belt with known zones of significant mineralization, but which remains relatively underexplored. See “Part IV - Information Concerning the Uchi Property and the Dorado Property – The Uchi Property.”

#### *The Iron Butte Property*

The Iron Butte Property is located 60 km south of Battle Mountain, Nevada. The Iron Butte Property, which covers an area of approximately 200 hectares, features a well-defined bulk-tonnage epithermal gold and silver system which outcrops at surface. Pursuant to the terms of an option agreement (the “**Iron Butte**

**Option Agreement**) with Grandview Exploration, LLC (the “**Optionor**”) and David C and Debra J Knight Living Trust dated July 25, 2020, Federal Gold was granted an option to acquire the Iron Butte Property (the “**Option**”). Federal Gold may exercise the Option by making a series of staged cash and share payments to the Optionor, as follows:

- (a) on July 25, 2020, paying US\$20,000 (paid);
- (b) upon completion of the Transaction (being a “Going Public Transaction” as defined in the Iron Butte Option Agreement), issuing 187,500 Resulting Issuer Shares;
- (c) on or before the first anniversary of completion of the Transaction, paying US\$50,000 and issuing Resulting Issuer Shares with a value of US\$18,750, based on the Payment Share Price;
- (d) on or before the second anniversary of completion of the Transaction, paying US\$100,000 and issuing Resulting Issuer Shares with a value of US\$36,000, based on the Payment Share Price;
- (e) on or before the third anniversary of completion of the Transaction, paying US\$150,000 and issuing Resulting Issuer Shares with a value of US\$45,000, based on the Payment Share Price;
- (f) on or before the fourth anniversary of completion of the Transaction, paying US\$200,000 and issuing Resulting Issuer Shares with a value of US\$63,000, based on the Payment Share Price;
- (g) on or before the fifth anniversary of completion of the Transaction, paying US\$300,000 and issuing Resulting Issuer Shares with a value of US\$90,000, based on the Payment Share Price; and
- (h) on or before the sixth anniversary of completion of the Transaction, paying US\$500,000.

The minimum Payment Share Price for the issuances set forth in paragraphs (c) through (g) above is \$0.05, pursuant to the policies of the Exchange. Based on this \$0.125 floor price, and a US\$ to \$ exchange rate of 1.2753, the maximum number of Resulting Issuer Shares that may be issuable pursuant to paragraphs (c) through (g) above is 2,578,657.

Upon exercise of the Option, the Optionor will retain a 3% net smelter returns royalty on the Iron Butte Property, subject to the right of Federal Gold to purchase up to one-half of the royalty, for cash payment equal to US\$100,000 per one-half percent purchased. During the Option period, the Optionor shall also be entitled to charge a management fee of up to 5% of expenditures incurred by Federal Gold, subject to a maximum of US\$100,000 in any calendar year.

#### *The Dorado Property*

The Dorado Property is located in the Maricunga region of Chile, approximately 135 km east of Copiapo. The Dorado Property, which covers an area of 13,200 hectares is reported to feature a significant but poorly defined gold-rich porphyry system which outcrops at surface. Additionally, the Dorado Property is reported to be host to significant zones of hydrothermal alteration at surface, that have not been explored or drilled. A royalty agreement was executed between former owners of the Lajitas area exploitation concessions being International Mineral Resources Ltd. and Roberto Alarcon, on the one hand, and Capella Resources Ltd. (former shareholder Compañía Minera Cerro el Diablo) on the other. The agreement, including a 2011 amendment, indicated a 2% net smelter return royalty which may be reduced to 1% for a payment of C\$2,000,000 at any time, payable by Cappella Resources Ltd. to the former owners. See “Part IV - Information Concerning the Uchi Property and the Dorado Property – The Dorado Property.”

### *The Cordillera Property*

The Cordillera Property is located in the Maricunga region of Chile, approximately 100 km east of Copiapo. The Cordillera Property, which covers an area of approximately 1,680 hectares, is located 7 km south of the Maricunga Mine, formerly operated by Kinross, and 3 km north of the Caspiche Deposit, now being developed by the Norte Abierto Joint Venture between Barrick and Newmont. The Cordillera Property is an early stage property prospective for porphyry gold and epithermal gold style mineralization which has not been adequately explored. A royalty agreement was executed between former owners of the Cordillera Property being International Mineral Resources Ltd. and Roberto Alarcon, on the one hand, and Capella Resources Ltd. (former shareholder Compañía Minera Cerro el Diablo) on the other. The agreement, including a 2011 amendment, indicated a 2% net smelter return royalty which may be reduced to 1% for a payment of C\$2,000,000 at any time, payable by Cappella Resources Ltd. to the former owners.

### **Amalgamation Agreement**

On September 28, 2020, ZTR, Subco and Federal Gold entered into an Amalgamation Agreement pursuant to which, on Closing, the Resulting Issuer will acquire Federal Gold, in exchange for the issuance of an aggregate of Resulting Issuer Shares to the Federal Gold Shareholders.

Subject to obtaining Exchange approval and the issuance of the Final Exchange Bulletin, the Amalgamation will be effected pursuant to Section 269 of the BCBCA. Pursuant to the Amalgamation Agreement, Subco and Federal Gold will amalgamate and continue as Amalco. Amalco will be a wholly-owned subsidiary of the Resulting Issuer.

Completion of the Amalgamation is subject to a number of conditions, including regulatory approvals of the Transaction and certain other conditions typical of a transaction of this nature.

### **Concurrent Private Placement**

In connection with the Amalgamation, Federal Gold has completed the Concurrent Private Placement to raise aggregate proceeds of \$8,000,000 through the sale of 20,000,000 Subscription Receipts, at a price of \$0.40 per Subscription Receipt. Upon notice of satisfaction of the Escrow Release Conditions, prior to the Release Deadline, escrowed proceeds from the Concurrent Private Placement will be released to the Resulting Issuer, and each Subscription Receipt will be automatically converted (without any further action on the part of the holder and for no additional consideration) into one Federal Gold Share. Those Federal Gold Shares will then convert to Resulting Issuer Shares, respectively, in accordance with the terms of the Amalgamation.

In connection with the Concurrent Private Placement, upon Closing, ZTR will pay an aggregate of \$402,930 in finder's fees and will issue an aggregate of 1,005,975 Resulting Issuer Finder's Warrants to Canaccord Genuity Corp., Leede Jones Gable Inc., PI Financial Corp. and Eventus Capital Corp., all of which are arm's length to the all the parties to the Transaction.

Upon release from escrow to the Resulting Issuer, the proceeds raised through the Concurrent Private Placement will be used to continue funding the Resulting Issuer's business plan, satisfy the Resulting Issuer's financial obligations and for general working capital purposes.

See "*Summary of Filing Statement*".

## SIGNIFICANT ACQUISITIONS

Federal Gold acquired Rio and TY & Sons pursuant to the terms of a share purchase agreement among Federal Gold, TY & Sons and TY & Sons Investments Inc. dated August 9, 2020, in consideration for which Federal Gold paid a cash payment of US\$210,000 to TY & Sons Investments Inc (the “**Share Purchase Transaction**”). The Share Purchase Transaction was an Arm’s Length Transaction. Rio owns the mining concessions comprising the Dorado Property and the Cordillera Property. The audited Financial Statements of TY & Sons for the years ended August 31, 2020 and 2019 attached to this Filing Statement as Appendix C.

## NARRATIVE DESCRIPTION OF THE BUSINESS

Federal Gold is a junior exploration company engaged in the acquisition, exploration and development of mineral rights. Federal Gold expects to explore and develop the Properties with the intent to identify additional mineralization and increase shareholder value through discovery. Mr. Galen McNamara is the sole director and the sole officer (President) of Federal Gold.

Federal Gold, following completion of the Amalgamation, is planning to conduct various exploration activities on its Properties, including the recommended work programs on the Uchi Property and the Dorado Property (See “*Information Concerning the Uchi Property and the Dorado Properties*”), geophysical assessments of the Iron Butte Property and the Cordillera Property. Regional exploration is expected to consist of geological mapping, sampling and reconnaissance of all Properties.

## SELECTED FINANCIAL INFORMATION AND MANAGEMENT’S DISCUSSION AND ANALYSIS

### Selected Financial Information

A summary of selected financial information of Federal Gold for the three-month interim period ended July 31, 2020, for the year ended April 30, 2020 and the period from incorporation on July 25, 2018 to April 30, 2019, is as follows and should be read in conjunction with Federal Gold’s interim unaudited financial statements for the three months ended July 31, 2020 and the audited financial statements for the years ended April 30, 2020 and 2019, attached as Appendix B.

	<b>Three Months Ended July 31, 2020 (unaudited)</b>	<b>Financial Year Ended April 30, 2020 (audited)</b>	<b>Period from incorporation on July 25, 2018 to April 30, 2019 (audited)</b>
Total revenues	Nil	Nil	Nil
Total expenses	20,139	145,273	264,815
Net income/(loss) and comprehensive income/(loss) for the year	(20,139)	(97,568)	(172,065)

Basic and diluted loss per share <sup>(2)</sup>	(0.00)	(0.02)	(0.06)
Total assets	375,476	232,532	563,515
Total current liabilities	152,586	129,253	362,668
Total long-term financial liabilities	Nil	129,253	362,668
Cash dividends declared per share <sup>(2)</sup>	Nil	Nil	Nil
Amounts deferred in connection with the Transaction	Nil	Nil	Nil

## Notes:

- (1) The information presented is derived from Federal Gold's audited financial statements for which the financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

### Management's Discussion and Analysis

Federal Gold's MD&A for the year ended April 30, 2020 and for the three-month interim period ended July 31, 2020 are attached as Appendix "F" hereto.

### DESCRIPTION OF SECURITIES

Federal Gold is authorized to issue an unlimited number of Federal Gold Shares of which 35,000,001 Federal Gold Shares are issued and outstanding as at the date of this Filing Statement.

#### Common Shares

Federal Gold is authorized to issue an unlimited number of common shares. As at the date of this Filing Statement, there are 35,000,501 Federal Gold Shares issued and outstanding. The holders of Federal Gold Shares are entitled to receive notice of and to attend at all meetings of the holders of Federal Gold Shares and to one vote for each Federal Gold Share. The holders of Federal Gold Shares are entitled to receive dividends as and when declared by the Board of Directors of Federal Gold. Upon a liquidation event, subject to the prior rights of any shares ranking senior to the Federal Gold Shares with respect to priority in the distribution of property or assets of Federal Gold, the holders of Federal Gold Shares will be entitled to receive the remaining property and assets of Federal Gold.

#### Options

There were no stock options issued or outstanding as of the date of this Filing Statement.

### CONSOLIDATED CAPITALIZATION

The following table outlines the capitalization of Federal Gold:

Designation of Security	Amount Authorized	Amount outstanding as at July 31, 2020	Amount Outstanding as at the date of this Filing Statement prior to giving effect to the Transaction
Federal Gold Shares	unlimited	18,975,000	35,000,001

## PRIOR SALES

The following table sets out the dates and prices at which securities of Federal Gold were sold (pursuant to private placements) within the 12 months preceding this Filing Statement.

Date	Type of Security	Price per Security (\$)	Number of Securities
September 30, 2020	Subscription Receipts	0.40	20,000,000 <sup>(1)</sup>
August 18, 2020	Common Shares (Flow Through)	\$0.20	1,000,000 <sup>(2)</sup>
August 18, 2020	Common Shares	\$0.20	4,000,000 <sup>(3)</sup>
August 7, 2020	Common Shares	\$0.05	11,025,000 <sup>(3)</sup>
July 7, 2020	Common Shares	\$0.01	13,975,000 <sup>(4)</sup>

Notes:

- (1) 50,000 Subscription Receipts were sold to Mr. Adrian Rothwell (a Non-Arm's Length Party of Federal Gold);
- (2) 20,000 Common Shares (Flow-Through) were sold to Mr. Galen McNamara (a Non-Arm's Length Party of Federal Gold);
- (3) 250,000 Common Shares were sold to Mr. Galen McNamara (a Non-Arm's Length Party of Federal Gold) and 125,000 Common Shares were sold to Mr. Rony Zimmerman (a Non-Arm's Length Party of Federal Gold); and
- (4) 125,000 were sold to Mr. Rony Zimmerman (a Non-Arm's Length Party of Federal Gold) and 3,000,000 Common Shares were sold to Mr. Adrian Rothwell (a Non-Arm's Length Party of Federal Gold).

## STOCK EXCHANGE PRICE

The Federal Gold Shares are not listed on any stock exchange.

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

Federal Gold's executive compensation philosophy has been to provide competitive compensation to attract and retain talented staff capable of achieving Federal Gold's strategic and performance objectives. Accordingly, an appropriate portion of total compensation is variable and linked to individual and corporate performance. Consistent with this philosophy, the primary objectives of Federal Gold's compensation program for its Named Executive Officers are:

- (i) to motivate the executive management team to meet and exceed operating targets and long-term strategic goals; and

- (ii) to align the interests of management and Federal Gold's shareholders by emphasizing performance-based compensation that recognizes individual and corporate performance, and which helps increase long-term shareholder value.

The compensation program seeks to align management interests with shareholder interests through long-term incentives linking compensation to performance.

Federal Gold's Board of Directors believes that these elements of compensation, when combined, provide an appropriate mix of conventional and incentive-based compensation. The base salary, on the one hand, provides for a stable income while the incentive compensation recognizes longer-term contributions and aligns management and shareholder interests.

In establishing base salaries, Federal Gold's Board of Directors considers the executive's performance, level of expertise, responsibilities and length of service to Federal Gold. To date, a benchmarking exercise has not yet been undertaken in respect of compensation of Named Executive Officers.

Federal Gold has not established a compensation committee of the Board of Directors. However, the Federal Gold Board of Directors as a whole has determined compensation for Federal Gold's Named Executive Officers.

### Summary Compensation Table

The following table sets forth all annual and long-term compensation of Federal Gold's Named Executive Officers for the year ended April 30, 2020.

Name and principal position	Period Ended	Salary	Share-based awards	Option-based awards	Non-equity incentive plan compensation		Pension value	All other compensation	Total Compensation
					Annual Incentive Plans	Long-term incentive plans			
Galen McNamara	2020 <sup>(1)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	\$10,000	\$10,000
	2019 <sup>(1)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	\$50,000	\$50,000

Note:

(1) Represents fiscal-year ended.

### TERMINATION AND CHANGE OF CONTROL BENEFITS

Federal Gold does not have any plans or arrangements in place with its officers that provides for payment following or in connection with any termination, resignation, retirement, or change of control of Federal Gold.

### DIRECTOR COMPENSATION

Other than as set out below, there are no other arrangements, standard or otherwise, pursuant to which the directors are compensated by Federal Gold for his services in their capacity as director. The directors are reimbursed for expenses incurred in carrying out his or her duties as director but does not otherwise receive remuneration for serving on the Federal Gold Board of Directors.

**MANAGEMENT CONTRACTS**

Federal Gold is not a party to a management contract with anyone.

**ARM'S LENGTH TRANSACTIONS**

Federal Gold has not completed a transaction involving a Non-Arm's Length Party since its incorporation, other than as disclosed in Federal Gold's financial statements. The proposed Amalgamation is an Arm's Length Transaction.

**LEGAL PROCEEDINGS**

There are no legal proceedings material to Federal Gold in which it is a party or which any of its properties is the subject matter and, to the knowledge of Federal Gold, no such proceedings are known to be contemplated as at the date of this Filing Statement.

**AUDITORS**

The independent auditor of Federal Gold is Dale Matheson Carr-Hilton LaBonte LLP, Chartered Professional Accountants located at Suite 1500, 1140 West Pender Street, Vancouver, British Columbia, V4A 4N2.

**MATERIAL CONTRACTS**

Other than contracts entered into the ordinary course of business, the following are the only contracts material to Federal Gold that have been entered into since incorporation;

- (a) Amalgamation Agreement dated September 28, 2020 among ZTR, Subco and Federal Gold;
- (b) Iron Butte property option agreement dated July 25, 2020; and
- (c) Share purchase agreement among Federal Gold, Ty & Sons Explorations (Chile) Inc. and Ty & Sons Investments Inc. dated August 9, 2020.

Copies of all material contracts may be inspected at the offices of Cassels Brock & Blackwell LLP, counsel to ZTR, located at 2200 – 855 West Georgia Street, Vancouver, British Columbia, V6C 3E8.

## PART III - INFORMATION CONCERNING THE UCHI PROPERTY AND THE DORADO PROPERTY

### THE UCHI PROPERTY

#### Source of Information and Data

The below is a summary of the Uchi Technical Report. The Uchi Technical Report is available in its entirety on SEDAR at [www.sedar.com](http://www.sedar.com) and readers should review it in its entirety for a full description of the Uchi Property.

Definitions contained in this Part and not otherwise defined in this Filing Statement, shall have the meanings ascribed to such definitions in the Uchi Technical Report.

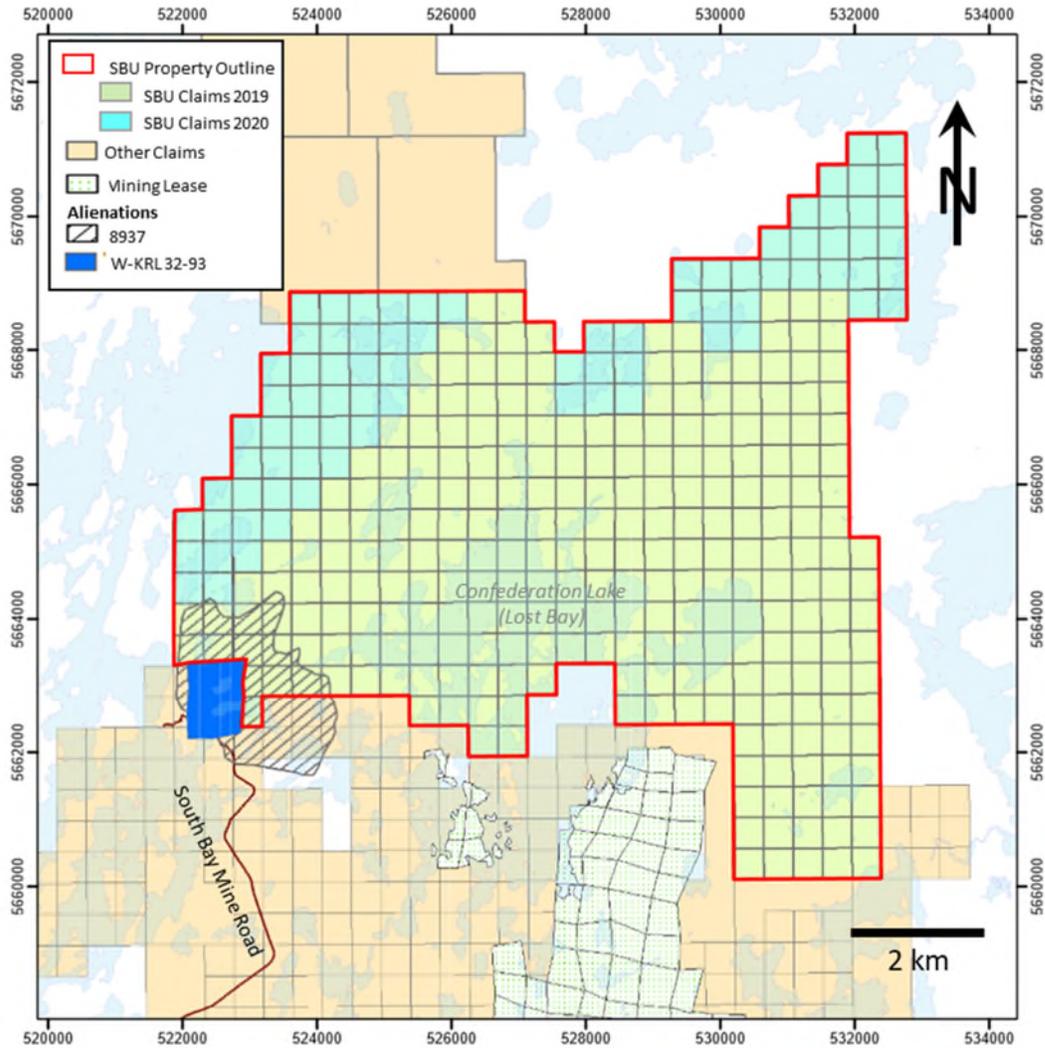
#### PROPERTY DESCRIPTION AND LOCATION

The Uchi Property is located in the Confederation Lake area of northwestern Ontario and occurs within the Red Lake Mining Division, as depicted in the map below. It is located within Earngey, Agnew and Dent townships and is located approximately 80 km east of the town of Red Lake.



Source: <https://bestmapof.com/map/2018/08/Ontario-Map.jpg>

The Uchi Property consists of 340 contiguous mineral claims covering a total of approximately 6,868 ha, as shown in the figure below.



Source: <https://www.mndm.gov.on.ca/en/mines-and-minerals/applications/mining-lands-administration-system-mlas-map-viewer>

The claim block covers, and is adjacent to, the northeastern part of Confederation Lake. The claim extends approximately 11.1 km in a north-south direction and approximately 10.9 kilometres in an east-west direction. The claims were acquired by online staking (defined by their cell position using map coordinates) in September and October of 2019 and in September of 2020. All claims are registered (100%) in the name of Federal Gold. Mining claims are granted for an initial period of two (2) years during which time there is a requirement to complete \$400 of qualifying exploration work per claim. After the first two-year period, required exploration expenditures are increased to \$400 per claim per year. The claims comprising the Uchi Property were designated on September 5, 2019, October 18, 2019, October 22, 2019, and September 11, 2020. The exploration expenditure required on the second-year anniversary dates total \$104,000 for the

claims acquired in 2019 and \$32,000 for the claims acquired in 2020. Federal Gold commissioned an airborne magnetic and electromagnetic survey which was completed during the fall of 2019. The survey was completed over the claims owned by Federal Gold at that time. Federal Gold has filed the assessment report required for the VTEM survey with the Ministry of Energy, Northern Development and Mines and the 2019 claims comprising part of the Uchi Property will be in good standing until the anniversary dates in 2022. As of the date of the Uchi Technical Report, Federal Gold had not yet completed any exploration work on the claims staked in September 2020 and the expiry for these claims is September 11, 2022.

The south-western corner of the claim block is impacted by two alienations (notices 8937 and W-KRL-32/93) due to the historical South Bay Mine operations. Notice 8937 impacts 14 claims and requires the written consent of the Director, Mine Rehabilitation, prior to the disturbance of these rehabilitated mining lands. Order W-KRL-32-93 overlaps a portion of the above-mentioned notice and impacts the extent and shape of 5 claims whereby prospecting and staking has been withdrawn to prevent any adverse effects of tailings and hazards associated with the South Bay Mine. There are no known environmental liabilities associated with the Uchi Property.

Surface rights are not included with mineral claims in Ontario. However, the *Mining Act* (Ontario) allows licensed prospectors to enter mineral lands to explore for minerals whether surface is owned privately or by the Crown.

#### **PERMITTING**

The *Mining Act* (Ontario) requires an exploration plan or exploration permit for exploration on Crown Lands. General prospecting, geological mapping, and sampling of rocks, streams, or soil proceeds under an issued exploration plan. An exploration permit is required to carry out exploration activities that include:

- Mechanized stripping of an area greater than 100 m<sup>2</sup> within a 200 m radius;
- Use of a drill that weighs more than 150 kg;
- Cutting of lines greater than 1.5 m in width;
- Geophysical surveys requiring the use of a generator; and
- Pitting or trenching where excavated volume of rock exceeds 3 m<sup>3</sup> within a 200 m radius.

The Uchi Technical Report recommends a 2-phase exploration program for the Uchi Property; the first phase of exploration recommended will require the approval of an exploration plan, and the second phase of exploration recommended, which includes diamond drilling, will require an exploration permit. As of the effective date of the Uchi Technical Report, Federal Gold had not applied for any exploration permits for the Uchi Property.

#### **ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE, AND PHYSIOGRAPHY**

The Uchi Property is accessed via the South Bay Mine road, an all-season gravel road that leads from the town of Ear Falls to the past producing South Bay Mine. Driving distance is approximately 70 km. The road is currently used for logging operations. Relatively recent logging operations, completed since the most recent work reported on the Uchi Property, have pushed roads to the north of the South Bay Mine creating direct access to the western part of the Uchi Property. The new logging road passes to within approximately 600 metres of Lost Bay of Confederation Lake, which could provide access to the central part of the Uchi Property. Approximately 3 km south of the South Bay Mine, a 4x4 access trail travels east from the South Bay road along an electrical transmission line. Approximately 5 km east of the South Bay Mine road, the trail turns to the north where it accesses the Uchi gold district. The eastern most claims of the Uchi Property could be accessed from this trail and further to the east from the power line.

The closest community is Ear Falls (population of 1,000), located approximately 70 km southwest of the Uchi Property at the junction with the South Bay Mine road with Highway 105. The town of Red Lake (population of 4,100) is located on Highway 105 approximately 70 km north of Ear Falls. Supplies required to support an early stage exploration program could be acquired in Ear Falls and/or Red Lake. Red Lake has an active mining and exploration industry and therefore is expected to be able to supply exploration contractors and labour. A 115 kV transmission line that extends from Ear Falls to Pickle Lake to the east passes 3 km south of the Uchi Property boundary.

The climate is characterized by a 5 to 6-month winter season with average daily temperatures below freezing and moderate to heavy snow fall. A typical daily temperature range for the winter months would be -20°C to -6°C with lows of -30°C being common. In the summer months, a typical temperature range would be 15°C to 17°C with highs of 30°C commonly reached. The average annual rainfall for the area is 516 mm and the average annual snowfall is 214 cm.

The Uchi Property lies within the Boreal Shield, a Canadian Ecozone where the Canadian Shield and the boreal forest overlap. Precambrian bedrock at or near the surface plays an important role in shaping the biophysical landscape. Lakes, ponds, and wetlands are abundant in this landscape and drainage patterns are typically dendritic, with sporadic angular drainage as influenced by bedrock outcrops. The topography of the Uchi Property is relatively flat to gently rolling with local relief up to 25 m, largely attributed to glacial deposits that blanket the bedrock. There are no distinct topographic features that stand out in relief however, lower lying areas are characterized by swamps and ponds. Lost Bay in Confederation Lake, which covers the southeastern edge of the Uchi Property, sits at an elevation of 397 m. On land, elevations reach 425 m above sea level. Tree cover consists of spruce, balsam, birch and poplar. Black spruce and muskeg swamps occupy low lying areas. Glacial till is generally less than 1 m in thickness, but locally more extensive. Outcrops are limited and generally covered by a thick layer of moss.

## HISTORY

Past exploration on the Uchi Property has largely consisted of ground geophysical grids with magnetic, electromagnetic, or induced polarization surveys completed. An exception is an airborne magnetic and EM survey which was completed in 1969 over the north central part of the current Uchi Property and which consisted of 148 line kilometres flown at a line spacing of 1/8 mile, approximately 200 metres. Prospecting has been reported in one assessment file. It appears that historical geological mapping is restricted to the southwest corner of the Uchi Property adjacent to the South Bay Mine. Diamond drilling is reported in assessment reports from Selco mining Corporation Ltd. (“**Selco**”) and South Bay Mines Ltd. (a subsidiary of Selco) (“**South Bay Mines**”) and from Kings Bay Gold Corp. The Ontario Drill Hole Database (“**ODHD**”) includes 15 drill holes located within the limits of the Uchi Property: four of these have been completed by Kings Bay Gold Corp. and 11 by Selco and South Bay Mines. The author of the Uchi Technical Report has reviewed the assessment report associated with the Kings Bay Gold Corp. holes on the southern part of the Uchi Property and concludes that these holes, although reported in the ODHD to have been drilled within the limits of the current Uchi Property, were actually drilled on the Bobjo project located to the south-southwest of the Uchi Property.

Selected assessment reports are summarized below.

52N02NE0081 (1969, South Bay Mines)

Three holes drilled by South Bay Mines. One foot (.3048 m) intervals of sulphide described from of the holes. The sulphide intervals in all 3 holes consist of pyrite, pyrrhotite, and chalcopyrite. Sphalerite is described in 2 of the intervals. The sulphides are described as stringer and in one instance a combination of

semi-massive and stringers. The volcanic rocks are dominantly Dacite and Andesite with very minor Rhyolite. No assays are reported.

52N02SE0035 (1969, South Bay Mines)

One drill hole by South Bay Mines with a 7-metre shear zone logged. Description includes “many quartz bands, abundant lenses, stringers and bands pyrite and pyrrhotite up to ½ inch wide, shearing”. No assays are reported.

52N02NE0084 (1970, South Bay Mines)

One hole completed by South Bay Mines is reported. The report consists of only one the drill hole log. There two intersections, one is ½ foot (.15 m) quartz vein logged as “Lot of pyrrhotite and pyrite” and the other is 2.4 feet (.73 m) logged as quartz veins with 30% sulphides dominantly pyrrhotite and pyrite with trace chalcopyrite. No assays are reported.

52N02SE0036 (South Bay Mine, 1970)

The report consists of a drill log from a single hole which reports a 30 foot (9.14 m) intersection logged as sediment. Description of the unit includes heavy sulphide mineralization mainly pyrite with minor stringers of pyrrhotite and minor interstitial quartz sulphides 40 – 50%. No assays are reported.

52NO2NE8963 (South Bay Mines, 1971)

Four drill holes completed by Selco are drilled on a target northeast of the South Bay Mine and on the Uchi Property. The assessment report is largely underground plans and section. No assays are reported.

52NO2NE0001 (Noranda, 1994)

Line cutting and magnetometer, HLEM, and surface PEM surveys over part of the southwestern Uchi Property claims. Report covers part of the map area contained in 52NO2NE0022.

52NO2NE0001 (Noranda, 1994)

Drill logs for 3 holes drilled in 1994 and 1996. Area of assessment file includes area in which detailed geological mapping was completed.

52NO2NE0022 (Noranda, 1996)

The report covers an area in the southwest corner of the Uchi Property and extends to the south. The report includes geological mapping litho-geochemistry, and ground EM surveys. The geological mapping reported extends the geology of the South Bay Mine to the north and northeast on to the Uchi Property and illustrates resolution of the main felsic volcanic unit into divided map units of felsic volcanic and intrusive rocks. The report includes description of the Cherty Horizon and the Blue Berry Island occurrences on the Uchi Property.

52N02NE2001 (Nuinsco, 2000)

The report covers a pulse EM survey completed on the western part of the Uchi Property. The survey consisted of 6 lines completed for Nuinsco Resources Ltd. over a 3 day period in 2000. A conductive plate was interpreted and a second conductive plate postulated. There were no recommendations made in the report.

20000003525 (Kings Bay Gold Corporation, 2007)

Magnetometer and VLF surveys extend from south of the Uchi Property onto the southern part of the Uchi Property.

## GEOLOGICAL SETTING

The Uchi Property is located within the Uchi Subprovince of the Archean Superior Structural province. The Uchi Subprovince is a granite-greenstone terrain that is bounded to the north by the Berens River Arc Plutonic Complex which crystallized between 2745 and 2708 Ma and is comprised tonalitic, diorite, granodioritic, and granitic rocks. The Berens River Arc Plutonic Complex intrudes the regionally extensive northern North Caribou Terrain that is characterized as > 3 Ga crust. The Uchi Subprovince is bounded to the south by the English River Subprovince which consists of high metamorphic grade to migmatized metasedimentary rocks of greywacke turbidite affinity intruded by peraluminous and metaluminous plutonic rocks. The English River sedimentary rocks are interpreted a flysch sequence deposited in a foredeep setting between 2.704 and 2.696 Ga.

The Uchi Property is located in the Birch-Uchi Greenstone Belt of the Uchi Subprovince. The Birch-Uchi Greenstone Belt is contiguous to the west with the Red Lake Greenstone Belt which collectively form a greenstone belt with an east-west strike length of approximately 140 km. The combined greenstone belt has been interpreted and described as a series of Mesoarchean and Neoarchean volcanic-sedimentary assemblages and temporally related plutonic rocks. The Mesoarchean assemblages (2.99 – 2.85 Ga) are interpreted as having been deposited in a continental margin setting on the southern margin of the North Caribou Terrane. The Neoarchean volcanic-sedimentary assemblages (2.75 – 2.73 Ga) are interpreted as subduction related arc volcanism and co-eval with the Berens River Arc Plutonic Suite.

The Red Lake and Birch-Uchi greenstone belt is interpreted to have been affected by three phases of deformation. The first phase of deformation ( $D_0$ ) is inferred from opposing facing directions on either side of the Mesoarchean and Neoarchean unconformity and is interpreted to have resulted in recumbent folding of the Mesoarchean succession. Two main stages of penetrative deformation are recognized and both postdate the deposition of the Neoarchean rocks at 2.75 Ga. The earlier phase ( $D_1$ ) resulted in northward trending and south plunging folds. The  $D_1$  phase of deformation coincides with subduction related arc development and is bracketed to the period 2.744 Ga and 2.733 Ga. based on sequence-fabric relationships. Variably oriented, east-northeast and southeast, folds and foliation ( $D_2$ ), are superimposed on  $D_1$  structures.  $D_2$  is interpreted to have been initiated at 2.72 Ga and was active beyond 2.71 Ga. The onset of  $D_2$  in the Red Lake Birch-Uchi Greenstone belt is interpreted to be due to the collisional stage of the Uchi orogeny between the southern margin of the North Caribou Terrane and the northern margin of the Winnipeg River Subprovince to the south resulting in the deformation and metamorphism of the English River rocks. The metallogeny of the Red Lake – Birch-Uchi Greenstone belt is dominated by Lode Gold mineralization.

The north trending Birch-Uchi Greenstone belt is comprised dominantly of the Neoarchean Confederation Assemblage. Mesoarchean rocks of the Balmer, Narrow Lake, Bruce Channel, Woman, and Trout Bay Assemblages occur to the west between the Confederation Assemblage and the Trout Lake intrusion. The Uchi Property is underlain by lithologies of the Agnew and Earngey Sequences of the Confederation Assemblage. From west to east the lithologies include:

- 1) Agnew sequence felsic volcanic rocks including rhyolite flows and associated quartz feldspar porphyritic rocks including intrusive phases with tholeiitic affinity;
- 2) Agnew sequence intermediate to felsic volcanic rocks that include dacite flows with minor tuff with tholeiitic affinity;
- 3) Agnew sequence mafic Volcanic rocks including pillowed basalt and pillow breccia of tholeiitic affinity; and
- 4) Earngey sequence mafic volcanic rocks consisting of pillow basalt and related fragmental rocks and minor intermediate volcanic rocks.

The volcanic rocks on the Uchi Property are intruded by Neoproterozoic (2,740 – 2,750 Ma) Confederation Plutonic suite that include the South Bay porphyry intrusion in the southeast of the Uchi Property and a similarly mapped intrusion on the northern part of the Uchi Property. The volcanic rocks of the Confederation Assemblage in the area of the Uchi Property are north trending and are reported to be vertical to steeply east dipping. A series of north trending anticline-synclines have been mapped on, and directly south, of the Uchi Property. To the west of the Uchi Property, the contact between the Neoproterozoic Confederation Assemblage and the Mesoproterozoic volcanic rocks is a north to northeast trending fault zone which is developed within Confederation Assemblage rocks to the north. A sinistral fault is mapped south of the western most Uchi Property. Two subparallel north-northeast trending faults have been interpreted through the central-east part of the Uchi Property extending both north and south of the Uchi Property.

## EXPLORATION

In the fall of 2019, Federal Gold commissioned Geotech Ltd. (“**Geotech**”) of Aurora, Ontario to fly a helicopter-borne Versatile Time-Domain Electromagnetic and Horizontal Magnetic Gradiometer Survey (“**VTEM**” or “**VTEM Survey**”) over the Uchi Property. The survey was completed from September 20, 2019 to October 7, 2019. Results of the survey, including a logistics report describing the logistics and technical parameters of the survey and various maps depicting processed magnetic and electromagnetic data, were delivered to Federal Gold in November 2019.

The complete technical parameters of the VTEM survey are contained in the Geotech report (Boada and Legault, 2019). The survey parameters are summarized:

- Line spacing: 200 metre survey line spacing and 2000 metre tie line spacing;
- Survey Orientation: east west survey lines with north-south tie lines; and
- Survey Length: 363-line kilometres.

Georeferenced images provided by Geotech to Federal Gold include:

- Electromagnetic stacked profiles of the B-field Z Component;
- Electromagnetic stacked profiles of dB/dt Z Components;
- B-Field Z Component Channel grid;
- Total Magnetic Intensity (TMI);
- Second Vertical Derivative of Magnetic Field;
- Magnetic Total Horizontal Gradient;
- Magnetic Tilt-Angle Derivative;
- Calculated Time Constant (Tau) with Calculated Vertical Derivative contours; and
- Preliminary conductor pick maps.

The survey covered the claims owned by Federal Gold at the time. Federal Gold has not completed any surface exploration on the Uchi Property.

Significant results and interpretation of the VTEM data by Francis Minerals Ltd. (“**FML**”) include:

- Magnetic gradients demonstrate a dominant north-northeast trend which is similar to structural trends and the trend of the volcanic stratigraphy.
- Images of processed magnetic data, particularly the Tilt Derivative, indicate an anastomosing pattern of splay and truncated lineaments.

- Images representative of conductivity indicate discrete areas of conductivity.
- The Cherty Rhyolite Trend and Blue Berry Island Trend are both coincident with conductivity anomalies.
- Zones of VTEM conductivity correlate with multiple rock types. A strong stratigraphic control to conductivity distribution is not apparent.
- There is not a direct correlation of VTEM magnetic anomalism with VTEM conductivity. In general, anomalous trends in the two data sets are discordant. An exception to this occurs in the north-central part of the Uchi Property where conductivity and stronger magnetic response are coincident.

## MINERALIZATION

The Ontario Mineral Deposit Inventory Database lists two occurrences on the Uchi Property. The Mimi Point showing is a Gold occurrence and the Crabb Prospect showing is a Zinc occurrence. The Mimi Point occurrence is located on the north side of Lost Bay, Confederation Lake. It is located on SBU claim 557030. The lithology in the area of the Mimi Point occurrence consists of west facing pillowed and amygdaloidal mafic flows and pillow breccia which are intruded by small quartz porphyry and gabbroic to dioritic intrusions. Mineralization consists of a dark grey north trending quartz vein within silicified and carbonatized mafic metavolcanics rocks which contain up to 3% disseminated pyrite. The quartz vein contains up to 5% disseminated sulphides consisting of pyrite, pyrrhotite, and chalcopyrite. Grab samples taken from the Mimi Point quartz vein returned assays of 0.02 opt, 0.06 opt, and 0.22 opt. The results of 4 channel samples taken are contained in below. The true width of the channel samples is not known and the extent of mineralization including the length, depth, and continuity are not known.

### Mimi Point Channel Sample results

Results of Channel Samples from the Mimi Point Showing

Channel	Au (opt)	Au (gpt)	Width (ft)	Width (m)
1	0.08	2.74	1.00	0.30
2	0.38	13.03	1.60	0.49
3	0.20	6.86	1.00	0.30
4	0.16	5.48	1.00	0.30

*Source: Parker and Atkinson (1992)*

The Crabb prospect is located near the eastern shore of Lost Bay, Confederation Lake. The occurrence is a drill intercept completed by South Bay Mines in 1969. The Crabb prospect is described in a subsequent assessment report by Noranda (MacDougall, 1996) as consisting of disseminated to stringer pyrrhotite with minor chalcopyrite and sphalerite localized within narrow felsic to intermediate horizons interbedded with basalt flows. No grades are available for the Crabb prospect and the length, width, depth, and continuity of mineralization is not known.

During the mid-1990s, Noranda completed exploration on what is now the southwest part of the Uchi Property. Geological mapping by Noranda traced the South Bay Mine horizon to the northeast on the Uchi Property to a target area referred to as the Cherty Rhyolite Exhalite. Noranda also worked on a previously

known showing to the east of the South Bay Mine which is partially located on the current Uchi Property referred to as the Blue Berry Island Trend described in the assessment reports by Noranda as a sulphide-chert horizon.

#### **DRILLING**

Federal Gold has not completed any drilling on the Uchi Property.

#### **SAMPLE AND ANALYSIS**

Federal Gold has completed an airborne VTEM survey previously described. The survey was completed by Geotech which has been providing geophysical acquisition and interpretation services for almost 40 years and is widely used in the mineral exploration industry in Canada and internationally. The QAQC employed by Geotech is reported by Geotech (Boada and Legault 2019). The author of the Uchi Technical Report has verified the location of magnetic anomalies and gradients supplied by Geotech through comparison with those generated and published by the OGS and has found the Geotech survey to be completely coincident with the OGS data. The author of the Uchi Technical Report considers this to be a reasonable level of verification in terms of the work conducted during the VTEM Survey, and that no material issues would have been left unidentified from the verification process undertaken. It is the opinion of the author of the Uchi Technical Report that the VTEM data is adequate for use in the Uchi Technical Report. Federal Gold has not completed any fieldwork or sampling on the Uchi Property.

#### **SECURITY OF SAMPLES**

Federal Gold has not completed any fieldwork or sampling on the Uchi Property.

#### **MINERAL RESOURCES AND MINERAL RESERVES**

The Uchi Property is an early stage exploration property, and there are no current mineral resource or mineral reserve estimates.

#### **EXPLORATION AND DEVELOPMENT**

FML compiled, evaluated, and interpreted historical exploration information, geological reports and maps, and other data to the extent required to form a reliable opinion on the Uchi Property for the purposes of the Uchi Technical Report. FML is of the opinion that there is likely considerable value in a complete and rigorous GIS based compilation of the available public domain data and using this work as the basis for the details of exploration program planning. FML recommends that while the GIS compilation is advanced, or upon its completion, that Federal Gold secure the services of an exploration geophysicist to fully evaluate the VTEM data, independently, and in the context of the geology and exploration data compiled and interpreted. As part of the compilation, FML recommends that Federal Gold seek the advice of a geophysicist to evaluate, and if prudent, compile and level historical electromagnetic surveys and data for the Uchi Property.

FML recommends that initial exploration (Phase 1) proceed by completing the VTEM coverage on the claims acquired in September 2020 and with geological mapping, prospecting, and sampling. Notwithstanding the recommendation that the detailed planning of this work be based on the results of rigorous compilation and interpretation, FML recommends the following:

- 1) Geological mapping in the area covering the VTEM target in the north-central part of the Uchi Property.
- 2) Geological mapping in the area of the Mimi Point showing and possibly surface stripping and mapping of the showing.

- 3) East-west traverses of geological mapping across the northeast trending VTEM EM anomaly at selected locations. If appropriate, litho-geochemical sampling for the purposes evaluating alteration.
- 4) Prospecting and mapping in the southeast part of the Uchi Property with the objective of ground truthing interpreted lineaments

FML recommends that as part of Phase 1 field work that surface conditions, drainage, and the nature of till and/or soil cover be evaluated for the purposes of evaluating appropriate geochemical exploration techniques and surveys. The execution and planning of Phase 2 exploration on the Uchi Property would be contingent on the results of Phase 1 exploration. FML recommends allowance for the following Phase 2 exploration:

- 1) Diamond drilling to follow up any targets that are advanced to the drill stage in Phase 1 exploration. This may include the VMS target on the north-central area, drilling due to work on the Mimi point showing, or drilling due to prospecting in gold target lineaments.
- 2) Trenching or mechanically aided surface stripping. This may be of relevant to follow up any showings located during prospecting for gold mineralization.
- 3) Continued geological mapping and prospecting.

Federal Gold has acquired a substantial land position. Historical work on the Uchi Property has dominantly consisted of follow up of airborne anomalies in the exploration for South Bay-type VMS deposits and consists of small disparate exploration efforts across the Uchi Property. FML recommends that in the course of data compilation, interpretation, exploration, and continued interpretation, that Federal Gold take a holistic approach to interpretation with the objective of continually developing an understanding of the geological history of the complete Uchi Property and timing the of emplacement and deformation of mineralization.

A budget covering both phases of exploration has been estimated by FML and is contained in the table below. FML recommends a budget of approximately \$200,000 for Phase 1 exploration and approximately \$900,000 for Phase 2.

#### Exploration Budget

Item	Unit	Number	Rate	Total
<b>PHASE 1</b>				
<b>VTEM Survey covering September 2020 Claims</b>	each	1	\$45,000	\$45,000
<i>Compilation and Interpretation</i>				
Geologist	day	20	\$800	\$16,000
Geophysicist	day	15	\$1,000	\$15,000
GIS Technician	day	10	\$450	\$4,500
<i>Sub-total</i>				\$35,500
<i>Field Program</i>				
Senior Geologist	day	50	\$600	\$30,000
Junior Geologist	day	35	\$400	\$14,000
Technician	day	35	\$300	\$10,500
Prospector	day	35	\$300	\$10,500
Truck Rental	day	45	\$100	\$4,500
Equipment Rental	day	15	\$1,000	\$15,000
Camp and logistics	day	35	\$300	\$10,500
Geochemistry - whole rock	each	65	\$45	\$2,925
Geochemistry - Au assay	each	125	\$30	\$3,750

Geochemistry - base metal	each	125	\$20	\$2,500
<i>Sub-total</i>				\$104,175
<b>Total Phase 1 Exploration</b>				\$184,675
<b>Plus 10% Contingency</b>				\$203,143
<b>PHASE 2</b>				
<b><i>Compilation, interpretation, planning</i></b>				
Geologist	day	30	\$800	\$24,000
Geophysicist	day	15	\$1,000	\$15,000
GIS Technician	day	15	\$450	\$6,750
<i>Sub-total</i>				\$45,750
<b><i>Drill Program</i></b>				
Contractor Costs	metre	2000	\$125	\$250,000
Logistics	metre	2000	\$35	\$70,000
Geologist	day	35	\$500	\$17,500
Technician	day	35	\$350	\$12,250
Camp and logistics	day	35	\$500	\$17,500
Geochemistry - whole rock	each	250	\$45	\$11,250
Geochemistry - Au assay	each	250	\$30	\$7,500
Geochemistry - base metal	each	250	\$20	\$5,000
<i>Sub-total</i>				\$386,000
<b><i>Field Program</i></b>				
Senior Geologist (2)	day	100	\$500	\$50,000
Junior Geologist (2)	day	100	\$350	\$35,000
Technician (2)	day	100	\$300	\$30,000
Prospector (2)	day	100	\$300	\$30,000
Truck Rental (2)	day	120	\$100	\$12,000
Equipment Rental	each	25	\$5,000	\$125,000
Camp and logistics	day	50	\$500	\$25,000
Soil/Till Survey	each	1	\$100,000	\$100,000
Geochemistry - whole rock	each	100	\$45	\$4,500
Geochemistry - Au assay	each	200	\$30	\$6,000
Geochemistry - base metal	each	200	\$20	\$4,000
<i>Sub-total</i>				\$421,500
<b>Total Phase 2 Exploration</b>				\$807,500
<b>Plus 10% Contingency</b>				\$888,250

## THE DORADO PROPERTY

### Source of Information and Data

The below is a summary of the Dorado Technical Report. The Dorado Technical Report is available in its entirety on SEDAR at [www.sedar.com](http://www.sedar.com) and readers should review it in its entirety for a full description of the Dorado Property.

Definitions contained in this Part and not otherwise defined in this Filing Statement, shall have the meanings ascribed to such definitions in the Dorado Technical Report.

### PROPERTY DESCRIPTION AND LOCATION

The Dorado Property is located in the Province of Copiapó, Region III of the Republic of Chile approximately 175 kilometres east of Copiapo, the mining capital and main supply centre for the region, and approximately 700 kilometres north of Chile's capital Santiago, as depicted in the map below. The Dorado Property is centred on UTM coordinates (datum: WGS-84, Zone 19S) UTM 6,980,000 North and 507,500 East (68 degrees 55 minutes longitude west and 27 degrees 18.3 minutes latitude south).



At the effective date of the Dorado Technical Report, the Dorado Property consists of 9 exploitation concessions registered to Rio Explorations SpA, totalling 1,600 hectares and 49 exploration concessions registered to Rio Explorations SpA, totalling 13,200 hectares. Details are set forth in the figures below.

Subsequent to the effective date of the Dorado Technical Report, Rio staked an additional three exploration concessions on November 19, 2020, increasing the number of exploration concessions from 49 to 52.

The titleholder of an exploitation (or mining) concession is granted the right to explore and exploit the minerals located within the area of the concession and to take ownership of the minerals that are extracted. Exploitation concessions can overlap or be granted over the same area of land, however, the rights granted by an exploitation concession can only be exercised by the titleholder with the earliest dated exploitation concession over a particular area. Exploitation concessions are of indefinite duration and an annual fee is payable to the Chilean Treasury of approximately US\$8 per hectare. Where a titleholder of an exploration concession has applied to convert the exploration concession into an exploitation concession, the application for the exploitation concession and the exploitation concession itself are backdated to the date of the exploration concession.

The titleholder of an exploration concession has the right to carry out all types of mining exploration activities within the area of the concession. Exploration concessions can overlap or be granted over the same area of land, however, the rights granted by an exploration concession can only be exercised by the titleholder with the earliest dated exploration concession over a particular area. For each exploration concession, the titleholder must pay an annual fee of approximately US\$1.60 per hectare to the Chilean Treasury. Exploration concessions have a duration of two years. At the end of this period, they may: (i) be renewed as an exploration concession for two additional years in which case at least 50 percent of the surface area must be renounced, or (ii) be converted, totally or partially, into exploitation concessions.

Annual fee payments required to maintain exploitation and exploration concessions are made annually in March. The annual fee payments for the Dorado Property mining concessions, paid in June 2020, will maintain the Dorado/Lajitas exploitation concessions in good standing until March 2021 and exploration concessions in good standing until May 2021.

The Project's surface area is located on public lands and the rights over said land therefore belong to the government of Chile. If larger scale exploration takes place, Federal Gold will need to negotiate agreements with the Chilean Government or obtain legal occupant easements to access and explore the Dorado Property. There are no known encumbrances or pre-emptive third-party easements registered against the surface land. According to Federal Gold's legal counsel, Federal Gold is not liable for any impacts that were caused by previous owners and/or operators. Environmental liabilities for Federal Gold are limited to those associated generally with exploration-stage properties and would involve removal of the exploration camps and rehabilitation of drill sites and drill site access roads.

A royalty agreement was executed between former owners of the Lajitas area exploitation concessions - International Mineral Resources Ltd. and Roberto Alarcon, on the one hand - and Capella Resources Ltd. on the other. The agreement, including a 2011 amendment, indicated a 2% NSR which may be reduced to 1% for a payment of C\$2,000,000 at any time.

## **PERMITTING**

In Chile, projects involving 40 or more drill platforms between the Arica, Parinacota and Coquimbo regions require an environmental declaration or assessment depending on the specific environmental impacts and/or location of the Dorado Property as noted below. A platform is defined as a raised level surface on which the drilling equipment is installed for drilling one or more holes. Below 40 drill platforms, exploration projects are not required to be environmentally assessed, unless they are in protected or sensitive areas. Whether the Dorado Property requires an Environmental Assessment Study (Estudio de Impacto Ambiental - EIA) or an Environmental Assessment Statement (Declaración de Impacto Ambiental - DIA) depends on the specific location and environmental characteristics of the Dorado Property.

No environmental permits have been requested or granted yet to the Dorado Property for any exploration work involving the mining and exploration concessions. The future exploration programs, as outlined below (and in the Dorado Technical Report), in the opinion of Federal Gold's legal counsel, are not expected to require a formal permitting process given the proposed work program presented. Subsequent programs may require Environmental Assessment Studies or Environmental Assessment Statement.

Federal Gold will be required to submit an initiation of activities form to SERNAGEOMIN, the Chilean National Mining and Geology Service, in order to initiate exploration activities at the project site, including installing a mobile camp and undertaking earth moving and drilling activities (Activity Initiation Form or "Iniciación de Actividades"). Permits to extract water are not expected to be required if water is purchased from third parties who have legal title and rights to sell water.

#### **ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE, AND PHYSIOGRAPHY**

The nearest major city to the Dorado Property is Copiapo, some 170 kilometres by road to the west. Copiapo lies along the Pan American Highway (Ruta 5 Norte) approximately 700 road kilometres north of Santiago, the capital of Chile. Copiapo has daily air service from Santiago and other Chilean cities. The project is in the Atacama Region (III) of northern Chile in the Province of Copiapo and political subdivision of Comuna Tierra Amarilla. The northern and southern ends of the Dorado Property, which are equidistant from Copiapo, can be accessed by vehicle from Copiapo.

Federal Gold's principal access to the Dorado Property is via paved Highway 31 which leads towards the Kinross La Coipa mine. The highway is accessed by taking the ENAMI Paipote Smelter turnoff northward out of Copiapo and which links Copiapo with the villages of Inca del Oro and Diego de Almagro. Continue for 120 kilometres along Highway 31 to the local police (Carabineros) outpost at the northern end of the Salar de Maricunga. From the police outpost, continue south on Highway 31 for 10 kilometres until the bifurcation of Highway 31 and provincial road C-601. Continue on route C-601 to the southwest for 10km and proceed along the C-601 split to the left for another 15km until the junction of provincial roads C-601 and C-607. Proceed south on C-607, past the access to the Kinross Marte Project for 17km to the access of the Lajitas stream canyon to the east. The Lajitas stream access road is a non-maintained drill road last used in 2010, which traverses up the locally narrow canyon to the historic drill camp site area for approximately 8km. Total travel time from Copiapo to the Dorado Property site is approximately 3.5 hours.

Precipitation consists largely of snow during the Andean winter months of May through September, with rare, but intense, rainstorms of short duration occurring during the summer months from January through April. Precipitation in this part of the Andes averages less than 200 mm while evaporation from surface water and soils varies between 1,500 to 2,000 mm/yr resulting in the extremely arid conditions.

Vegetation is absent except for lichens and rare spinifex grass on mountainsides and mosses in spring-fed bogs found along the valley floor. Wildlife is sparse though small groups of guanaco and vicuña are occasionally encountered as well as reptiles and foxes. During the migration season waterfowl, in particular flamingos, are common in the wetlands to the west.

The typical exploration field season in the belt is from approximately November through April, a duration of 5-6 months. However, advanced projects and mines in the area operate all year.

Because of the high altitudes, extremely strong winds frequently can develop in the afternoons and evenings. White-outs and lightning storms, termed the "Bolivian Winter", which can create hazardous conditions, may occur during the summer. The average annual temperatures are on the order of 11° C and range between -30° C at night in the winter to 20° C during the summer.

Local physiography in the vicinity of the Dorado Property is alpine in character and consists of a series of abrupt, NS-trending mountain ranges with high peaks ranging from 4,000 to 6,192 m. The principal topographic features of the region are the result of a combination of horst and graben block tectonics in the Cordillera Occidental and the Cenozoic to Recent volcanism that produced the Volcan Copiapo stratovolcano.

The Dorado Property is an early-stage exploration project and has therefore not yet been evaluated in detail for potential mining infrastructure aspects such as the availability and sources of power, water, mining personnel, potential tailings storage areas, potential waste disposal areas, heap leach pad areas, and potential processing plant sites. Experienced exploration, mine and plant personnel is expected to be sourced from Copiapo, or elsewhere in Chile where a generally well trained and experienced workforce exists. Furthermore, Copiapo is a well-established support and logistics centre for mining activities in the region.

## HISTORY

The first documented exploration of the Dorado/Lajitas concessions was undertaken by Santa Fe Pacific, commencing in the fourth quarter of 1996 and finalizing in early 1997. Santa Fe conducted a reverse circulation (RC) drilling program of 1,402m in 7 holes. The drilling resulted in 5 mineralised holes with intervals up to 50m wide averaging up to 1.32g/t Au. Santa Fe then undertook detailed mapping of the mineralized zone and drilled an additional 1,172m in 7 RC holes for a total of 2,574m.

In 2006, Capella Resources Inc. acquired the Dorado Property and completed 1 induced polarization/resistivity line over the mineralized part of the Dorado Property and a limited ground magnetics survey that was extended in early 2007 for a total of 118 line km's. In 2006 Cappella also completed 7 reverse circulation drill holes in 2006 totalling 1,709m which confirmed the results of Santa Fe drilling and returned intercepts of 116m @ 0.88 g/t Au including 10m @ 1.24 g/t Au in the first hole LJ06-001r. In 2008 Capella completed 1,365m in 4 diamond drill holes, as well as adding an additional 3 IP/RES lines and the collection of 1,044 rock chip samples from new road cuts. This drilling returned an interval of 261m @ 0.91 g/t Au including 105.7m @ 1.58 g/t Au in LJ08-011. In 2010 Capella continued drill testing the Dorado Property with an RC drilling campaign of 4,529m in 16 drill holes. Significant drill intersections of all campaigns are summarised in Section 6 of this report. In 2011 Capella conducted preliminary metallurgical testing indicating recoveries of 63% - 73% in oxidized material, and calculated an historical inferred mineral resource, as described in the NI 43-101 technical report entitled "*RESOURCE ESTIMATION ON THE DORADO/LAJITAS GOLD PROPERTY, MARICUNGA GOLD-COPPER DISTRICT, THIRD REGION, REPUBLIC OF CHILE, FOR CAPELLA RESOURCES LTD.*" effective August 17, 2011, by B. Cole. The report is available on the Chilean geological survey website at the following location: [https://portalgeo.sernageomin.cl/Sigex/EL\\_DORADOLAJITAS\\_13\\_196/](https://portalgeo.sernageomin.cl/Sigex/EL_DORADOLAJITAS_13_196/). This mineral resource estimate is a historical estimate as defined in National Instrument 43-101 and while the estimate uses categories set out in National Instrument 43-101, no qualified person has done the work necessary to classify the historical mineral resources as current mineral resources. In order to convert the historical mineral resources to current mineral resource, the author recommends completing the work summarized the Dorado Technical Report. Neither Federal Gold, ZTR, nor the Resulting Issuer is treating the historical mineral resource as current and the historical resource estimates should not be relied upon.

There has been no exploration activity since Capella abandoned the Property in 2011. Federal Gold has not conducted any exploration at the Dorado Property at the time of the Dorado Technical Report.

## **GEOLOGICAL SETTING**

The Dorado Property is situated in the Maricunga gold belt, a region of gold-silver copper prospects and deposits in the high Andes of northern Chile where zones of hydrothermally altered rocks host high-sulfidation epithermal gold-silver deposits such as La Coipa and Salares Norte, and porphyry gold-(copper) deposits such as Refugio, Caspiche, Marte-Lobo and Fenix. Since 1980, an aggregate geologic resource of approximately 70 Moz of gold has been defined.

The belt consists of a NNE-trending chain of partially eroded andesitic to dacitic volcanoes that are part of a late Oligocene to late Miocene continental margin volcanic-plutonic arc developed parallel to and over the subducting Pacific plate.

At the Dorado Property a Permo-Triassic basement of felsic volcanic and intrusive rocks is overlain by andesitic and dacitic volcanic rocks of Eocene-Oligocene age. These are cut by porphyritic quartz diorites and dacites interpreted as subvolcanic dykes/sills and stocks, often associated with phreatic and/or phreatomagmatic breccias. The former is overlain by dacitic flows and Pliocene gravels that locally conceal alteration. The Lajitas zone is interpreted as the eroded core of a small stratovolcano.

Hydrothermal alteration seen by the author of the Dorado Technical Report in outcrop and drill core is typical of Maricunga-style porphyry gold deposits. It comprises deep magnetite-albite-chlorite, passing outwards and upwards to pyrite/hematite-albite-clay, and then high-level advanced-argillic alteration with kaolinite-alunite-pyrophyllite and pyrite.

## **EXPLORATION**

As at the effective date of the Dorado Technical Report, there has been no exploration conducted by or on behalf of Federal Gold. A summary of historical exploration work is summarized above under "History".

## **MINERALIZATION**

Gold mineralisation occurs with hairline to millimetric banded quartz veinlets and grades are roughly proportional to the intensity of veining. The banded quartz veins overprint non-banded quartz veins with minor pyrite, chalcopyrite and reported bornite that coincide with copper grade. Veinlet frequencies are typically less than 5 veinlets per metre and pyrite content is very low.

Significant veinlet-associated gold mineralization interpreted from RC and diamond drilling occurs in an area of about 400m X 400m in two NNE trending tabular bodies. The zones range from 250m to 300m in length and range from 25m to 125m in width, with average width being in the 75m range. The mineralisation appears to have been delimited to the east and west, but the northern and southern strike extensions are poorly defined.

## **DRILLING**

As at the effective date of the Dorado Technical Report, there has been no drilling conducted by or on behalf of Federal Gold.

## **SAMPLE AND ANALYSIS AND SECURITY OF SAMPLES**

Since the acquisition of the Dorado and Lajitas concessions from Capella in 2020, there has not been any exploration or sampling undertaken on the Dorado Property. With regard to historic sampling methods, no

records were available to the author of the Dorado Technical Report of sample dispatch or QA/QC. Official laboratory assay certificates matched to sample numbers and drill holes are available only for the Capella 2009/2010 drill program. The only information on sample preparation, analyses, and security is contained in Cole (2011), a NI 43-101 report previously prepared for Capella Resources. Therefore, the veracity of the quantity of assays submitted, their preparation, security, QA/QC and assay results themselves cannot be independently verified.

No supporting information nor sampling, preparation, analyses, and security information for data from the Santa Fe exploration programs was available to the author of the Dorado Technical Report.

The author of the Dorado Technical Report considers the sample preparation, analyses, and security of the historical project data contained and cited in the Dorado Technical Report to be sufficiently accurate and representative for the limited purpose of the Dorado Technical Report, that being only to confirm the potential for porphyry Au mineralization at the Dorado Property to make recommendations as to whether or not further exploration is justified, and what form such exploration might take. This opinion is based on the author's prior experience in the belt working on similar deposits, his knowledge of the professionals and companies involved, and on the results of his site visit and check sampling. To the best of his ability, the author has independently cross-checked a reasonable number of records and products included in the Dorado Technical Report, such as drill hole intercepts, sample numbers, assay certificates, collar coordinates, and azimuths, against the data provided by Federal Gold and in the field. Further quality assurance in the form of assay certificates, sample registers, and certified quality control samples combined with a statistically robust number of check samples and / or re-assaying of laboratory pulps will be required to show that the data is sufficiently accurate and precise.

#### **MINERAL RESOURCES AND MINERAL RESERVES**

There has been no mineral resource estimate prepared for the Dorado Property by or on behalf of Federal Gold.

#### **EXPLORATION AND DEVELOPMENT**

It is the opinion of the author of the Dorado Technical Report that further exploration work is justified with the aim to upgrade or verify the historical mineral resource estimate at Lajitas and to potentially discover new zones of mineralisation at Lajitas and elsewhere on the Dorado Property. The author is not aware of any reason why exploration could not proceed on the Dorado Property.

The principal recommendations for the Lajitas area include

- Detailed "mineral system" mapping of the entire Lajitas alteration zone at 1:5000 scale
- Detailed mapping over the historical mineral resource area at 1:2500 scale
- Talus fines sampling of the entire Lajitas alteration zone at nominal 100 x 100 mt spacings
- Up to 15 line-km of induced polarization surveying
- Re-logging of historical diamond drill holes
- Recovery of historical assays and verification against the original assay certificates
- Alternatively, systematic reanalysis of splits of the sample pulps stored in Copiapó
- Preliminary ore characterisation and leach tests on a representative suite of samples
- 5000 mts of diamond drilling to recalculate/upgrade/extend the historical resource
- Recover the historical data obtained by Capella and Santa Fe over the Lajitas zone

The principal recommendations for the Dorado Property district include

- Reconnaissance mapping and sampling at a nominal scale of 1:25,000
- Follow up of anomalies with sampling, geophysics and trenching as required

A tentative budget of USD \$2,660,500 (as described below) is proposed for the program. Subject to unforeseen permitting or technical delays, it is estimated that the program could be completed in one 4-month field season.

### BUDGET AREAS

<b>Field Exploration</b>	<b>Quantity</b>		<b>Amount USD\$</b>
<b>Mineral System Mapping &amp; Sampling</b>			
Salaries			\$41,000
Talus, Rock & Trench Samples	1000		\$30,000
Trenching	500 meters		\$45,000
<b>Drill Program</b>			
IP-RES Geophysics	12km		\$35,000
Diamond Core Drilling	5,000 meters		\$1,500,000
Permitting			\$10,000
Mobile Camp & Supplies			\$400,000
Assaying	3,500		\$110,000
Salaries			\$250,000
<b>Data Compilation</b>			
Historic core re-logging	1 month		\$8,000
Historic sample pulp re-assay	1000		\$30,000
Confirmation historic collar surveying			\$2,500
Petrographic Analysis	20		\$3,000
Bench-scale Met tests (cyanide leach)	5		\$20,000
Data Verification/Cataloging	1 month		\$8,000
G&A			\$40,000
<b>Sub Total</b>			<b>\$2,532,500</b>
VAT 19%			\$128,000
<b>Total</b>			<b>\$2,660,500</b>

## PART IV - INFORMATION CONCERNING THE RESULTING ISSUER

*The following information is presented on a post-Transaction basis and is reflective of the projected business, financial and share capital position of the Resulting Issuer. This section only includes information respecting the Resulting Issuer that is materially different from information provided earlier in this Filing Statement. Following the completion of the Transaction, the Resulting Issuer will carry on the businesses currently carried on by Federal Gold. Refer to various headings under “Part I – Information Concerning ZTR” and “Part II – Information Concerning Federal Gold” for additional information regarding ZTR, Federal Gold, respectively. Refer also to the Pro Forma Financial Statements of the Resulting Issuer attached here to as Appendix D.*

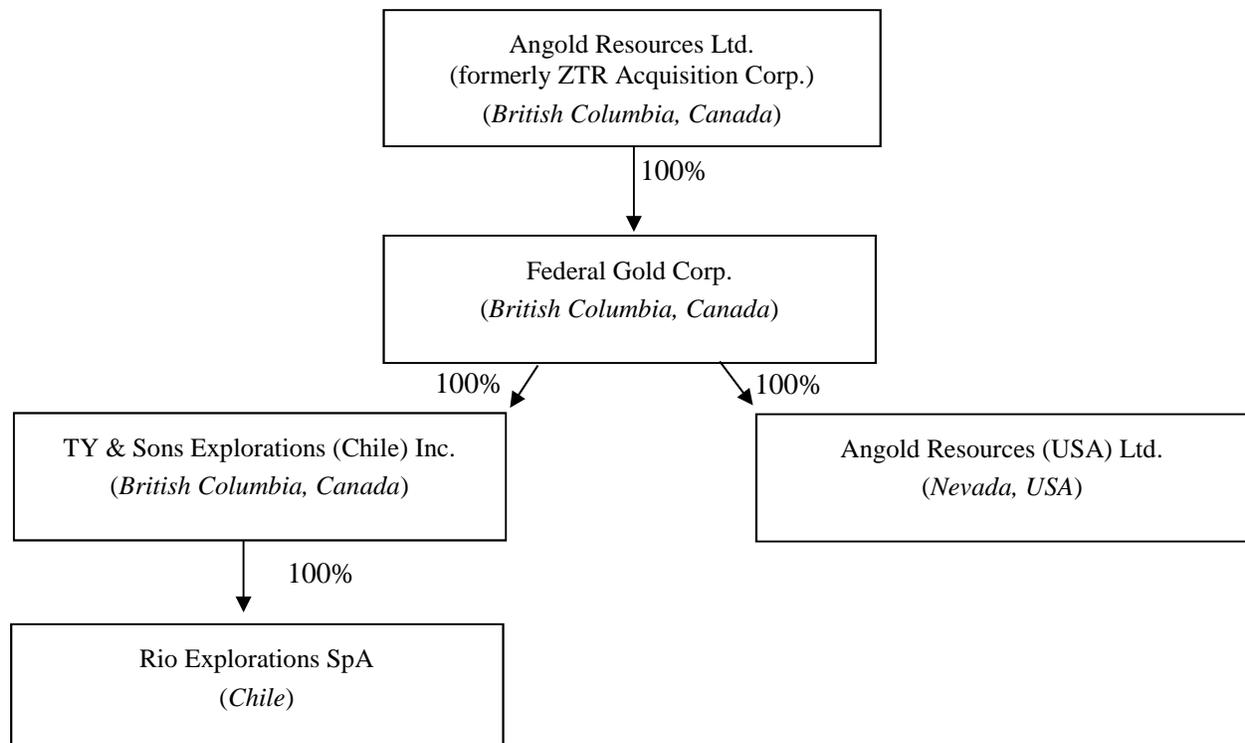
### NAME AND INCORPORATION

Following the completion of the Transaction, it is anticipated that the Resulting Issuer will continue to subsist under the BCBCA, under the name “Angold Resources Ltd.”

The Resulting Issuer’s registered and records office will be at 2200 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8 and its head office will be located at Suite 918 – 1030 West Georgia Street, Vancouver, British Columbia, V6E 2Y3.

### INTERCORPORATE RELATIONSHIPS

After giving effect to the Transaction, the Resulting Issuer’s wholly-owned subsidiaries will be as set forth below:



## **AMALGAMATION AGREEMENT**

Subject to obtaining Exchange approval and the issuance of the Final Exchange Bulletin, the Amalgamation will be effected pursuant to Section 269 of the BCBCA. Pursuant to the Amalgamation Agreement, Subco and Federal Gold will amalgamate and continue as Amalco. Amalco will be a wholly-owned subsidiary of the Resulting Issuer.

In connection with the Amalgamation Agreement, ZTR will:

- i. issue to all of the shareholders of Federal Gold, shares of the Resulting Issuer on the basis of one common share in the Resulting Issuer for each common share that they hold in Federal Gold; and
- ii. exchange all of the issued and outstanding convertible securities of Federal Gold for equivalent convertible securities in the Resulting Issuer on a one for one basis, each exercisable on substantially the same terms.

## **NARRATIVE DESCRIPTION OF THE BUSINESS**

The Resulting Issuer's business objectives will be Federal Gold's business objectives, as set forth under the headings "*Part II - Information Concerning Federal Gold – Narrative Description of the Business*".

### **Business Objectives**

The Resulting Issuer will be a junior mining exploration company anticipated to be listed on Tier 2 of the Exchange. The Resulting Issuer initially plans to conduct exploration work on the Uchi Property and the Dorado Property (*See Part II – Information Concerning the Uchi Property and the Dorado Property*).

Additionally, in respect of the Iron Butte Property, the Resulting Issuer plans to conduct a technical data review and intends on completing drill targeting and prospecting the claims comprising the Iron Butte Property. Moreover, in respect of the Cordillera Property, the Resulting Issuer plans to conduct a date review of historic results and property wide magnetic surveys and induced polarization surveys, as well as a prospecting activities and associated assaying.

### **Milestones**

Initiating and completing its Phase I work program on the Uchi Property (*See Part II – Information Concerning the Uchi Property and the Dorado Property – The Uchi Property*) and the Dorado Property (*See Part II – Information Concerning the Uchi Property and the Dorado Property – The Dorado Property*) are the Resulting Issuer's primary near-term milestones.

Additionally, the initiation and completion of technical data review, geological mapping and geophysical programs in respect of the Iron Butte Property is a secondary near-term milestone of the Resulting Issuer. Moreover, the initiation and completion of geophysical survey and data review in respect of the Cordillera Property is also a secondary near-term milestone of the Resulting Issuer.

### **Exploration and Development**

Please refer to “*Part II – Information Concerning the Uchi Property and the Dorado Property*” for a complete discussion of the Resulting Issuer’s intended exploration and development activities in relation to the Uchi Property and the Dorado Property.

## **DESCRIPTION OF THE SECURITIES**

The share structure of the Resulting Issuer will be the same as the share structure of ZTR and the rights associated with each Resulting Issuer Share will be the same as the rights associated with each ZTR Share. See “*Part I – Information Concerning ZTR – Description of Securities*”.

### **Common Shares**

The authorized capital of the Resulting Issuer will consist of an unlimited number of common shares with no par value. On Closing, it is anticipated that 83,941,831 Resulting Issuer Shares will be issued and outstanding, as fully paid and non-assessable shares.

The holders of the Resulting Issuer Shares are entitled to dividends, if, as and when declared by the Board of Directors; to one vote per Resulting Issuer Share at meetings of the holders of Resulting Issuer Shares; and, upon liquidation, to share equally in such assets of the Resulting Issuer as are distributable to the holders of Resulting Issuer Shares. All common shares to be outstanding after completion of the Transaction will be fully paid and non-assessable and shall not be subject to any pre-emptive rights, conversion or exchange rights, redemption, retraction, purchase for cancellation or surrender provisions, sinking or purchase fund provisions, provisions permitting or restricting the issuance of additional securities or provisions requiring a shareholder to contribute additional capital.

### **Warrants**

Upon Closing, there will be 1,005,975 Resulting Issuer Finder’s Warrants with each Resulting Issuer Finder’s Warrant exercisable into one Resulting Issuer Share at a price of \$0.40 per share, for a period of 12 months from Closing

### **Options**

Upon Closing, 4,260,000 Resulting Issuer Options will be issued and outstanding. Assuming that 83,941,831 Resulting Issuer Shares will be issued and outstanding upon completion of the Transaction, the Resulting Issuer may grant up to an additional 4,134,183 Resulting Issuer Options pursuant to the Stock Option Plan.

Holders of Resulting Issuer Finder’s Warrants and Resulting Issuer Options other than the conversion rights described above, will have no claim to dividend rights, voting rights, rights upon dissolution or winding-up of the Resulting Issuer, pre-emptive rights, redemption, retraction, purchase for cancellation or surrender provisions, sinking or purchase fund provisions, or provisions requiring a holder to contribute additional capital (except upon exercise).

## **PRO FORMA CONSOLIDATED CAPITALIZATION**

The following table outlines the expected pro forma share capitalization of the Resulting Issuer on completion of the Transaction.

Designation of Security	Amount Authorized	Amount Outstanding as of Closing
Resulting Issuer Shares <sup>(1)</sup>	Unlimited	83,941,831
Resulting Issuer Finder's Warrants	N/A	1,005,975
Resulting Issuer Options	N/A	4,260,000
<b>TOTAL</b>		89,207,806

Notes:

- (1) As of the date of this Filing Statement, ZTR has 28,754,330 ZTR Shares issued and outstanding. Upon completion of the Transaction, the Resulting Issuer will issue 55,000,001 Resulting Issuer Shares to holders of Federal Gold Shares in exchange for their respective Federal Gold Shares and 187,500 Resulting Issuer Shares to the Optionor pursuant to the Iron Butte Option Agreement.

### Fully Diluted Share Capital

The following table outlines the expected number and percentage of securities of the Resulting Issuer to be outstanding on a fully diluted basis after giving effect to the Transaction:

	Number of the Resulting Issuer Shares	Percentage of Total
Resulting Issuer Shares held by current ZTR Shareholders	28,754,330	32.23%
Resulting Issuer Shares to be issued to current Federal Gold Shareholders <sup>(1)</sup>	55,000,001	61.65%
Resulting Issuer Shares to be issued to the Optionor pursuant to the Iron Butte Option Agreement	187,500	0.21%
Resulting Issuer Finder's Warrants to be issued in connection with the Concurrent Private Placement	1,005,975 <sup>(2)</sup>	1.13%
Resulting Issuer Options	4,260,000	4.78%
Fully-Diluted	89,207,806	100%

Notes:

- (1) 55,000,001 Federal Gold Shares outstanding (includes the 20,000,000 Federal Gold Shares issued upon conversion of the Subscription Receipt); each Federal Gold Share to be exchanged for one Resulting Issuer Share under the Amalgamation.
- (2) Issuable in connection with the Concurrent Private Placement.

Other than as disclosed above, no other securities will be outstanding which are convertible into, or exchangeable for, Resulting Issuer Shares following the completion of the Transaction.

#### AVAILABLE FUNDS AND PRINCIPAL PURPOSES

The Resulting Issuer is expected to have approximately \$8,865,000 in working capital available on Closing. The Resulting Issuer is expected to use the funds available to it in furtherance of its stated business objectives which are summarized in the table appearing below.

	Estimated Amount
<b>Sources of Funds:</b>	
Estimated working capital <sup>(1)</sup>	\$865,000
Gross proceeds from the Concurrent Private Placement	\$8,000,000
<b>Total Sources</b>	<b>\$8,865,000</b>
<b>Uses of Funds:</b>	
Costs related to the Transaction (including Concurrent Private Placement) <sup>(2)</sup>	\$303,000
Finders fees related to Concurrent Private Placement	\$402,930
Carrying and Maintenance Costs for the Properties <sup>(3)</sup>	\$680,000
Technical Data Review, Geological Mapping and Geophysical Program for the Iron Butte Property	\$150,000
Geophysical Survey and Data Review of the Cordillera Property	\$650,000
Phase I and II Work Program for the Uchi Property	\$1,091,393
Phase I Exploration Program and Phase II Drilling Program for the Dorado Property	\$2,846,000
Corporate marketing and travel costs	\$683,000
Salaries and Consulting Fees	\$480,000
General and administrative expenses for the first 12 months <sup>(4)</sup>	\$688,500
Unallocated working capital to fund ongoing operations	\$890,177
<b>Total Uses</b>	<b>\$8,865,000</b>

Notes:

- (1) Based on the estimated working capital of ZTR as at November 30, 2020 in the amount of \$160,000 and the estimated working capital of Federal Gold as at November 30, 2020 of \$705,000
- (2) Consisting of legal fees, filing fees, accounting fees and other professional advisory fees related to the Transaction.
- (3) Includes Iron Butte option payment of USD\$70,000.
- (4) Comprised of: \$276,500 (office and rent); \$162,000 (professional fees); and \$250,000 (listing and filing fees).

Based on current projections, the Resulting Issuer’s working capital available for funding ongoing operations is expected to meet its expenses for a minimum period of 12 months commencing immediately after the completion of the Transaction.

Notwithstanding the proposed uses of available funds discussed above, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary, including, without limitation, in connection with the ever-evolving global impact of COVID-19 (See “*Risk Factors*”). It is difficult, at this time, to definitively project the total funds necessary to affect the planned activities of the Resulting Issuer. For these reasons, management of ZTR considers it to be in the best interests of the Resulting Issuer and its shareholders to afford management a reasonable degree of flexibility as to how the funds are employed among the uses identified above, or for other purposes, as the need arises. Further, the above uses of available funds should be considered estimates. See “*Forward-Looking Information*” and “*Risk Factors*”.

### Dividends

There will be no restrictions in the Resulting Issuer’s articles or elsewhere which would prevent the Resulting Issuer from paying dividends subsequent to the completion of the Transaction. It is not contemplated that any dividends will be paid on the Resulting Issuer Shares in the immediate future following the completion of the Transaction, as it is anticipated that all available funds will be invested to finance the growth of the Resulting Issuer’s business. The Board of Directors will determine if, and when, dividends will be declared and paid in the future from funds properly applicable to the payment of dividends based on the Resulting Issuer’s financial position at the relevant time. All of the Resulting Issuer Shares are entitled to an equal share in any dividends declared and paid. See “*Forward-Looking Information*”.

### PRINCIPAL SECURITYHOLDERS

It is not anticipated that any Person will own of record or beneficially, directly or indirectly, or exercise control or direction over, more than 10% of the Resulting Issuer Shares following the completion of the Transaction.

### DIRECTORS AND OFFICERS OF THE RESULTING ISSUER

At Closing, the directors and officers of the Resulting Issuer are expected to be the individuals set out below.

#### Name, Address, Occupation and Security Holdings

Name and Location of Residence	Position or Office	Principal Occupation During Past 5 Years	Director of ZTR or Federal Gold Since <sup>(1)</sup>	Number and Percentage of Resulting Issuer Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly <sup>(3)</sup>
Adrian Rothwell Vancouver, BC	Director, Chief Executive Officer	Director of Kore Mining Ltd. from 2018 to Present, President & CEO of Lucky Minerals Inc. from 2019 to September 2020, Director & Chairman of Lucky Minerals Inc. from September 2020 to present, Director and Audit Committee Chair of Fireweed Zinc Ltd from 2017 to present. Former Director, Strategy at Goldcorp from 2012 to	N/A	3,050,000 3.63%

		2015; and CFO of Kiska Metals Corp, Centurion Minerals Ltd.		
<b>Gavin Cooper Vancouver, BC</b>	Chief Finance Officer and Corporate Secretary	Chief Financial Officer of Kutcho Copper Corp since 2015, Chief Financial Officer of Gold Bull Resources Corp. since 2016, Chief Financial Officer of District Metals Corp. since 2017, Director and Chief Financial Officer of Nevaro Capital Corp. since 2010, former Director and Chief Financial Officer of Enthusiast Gaming Holdings Corp., Standard Lithium Ltd., GreenStar Biosciences Corp., former Chief Financial Officer of Canopy Rivers Inc., James Wagner Cultivation Corp., Minfocus Exploration Corp., Pepcap Resources Inc., African Metals Corp.	2019	100,000 0.12%
<b>Galen McNamara<sup>(2)</sup> Vancouver, BC</b>	Director	Chief Executive Officer and Director of Summa Silver Corp. since May 8, 2020; Project Manager at NexGen Energy Ltd. from 2014 to 2018.	2018	2,815,385 3.35%
<b>Brandon Bonifacio<sup>(2)</sup> Vancouver, BC</b>	Director	Finance Director of the Norte Abierto Joint Venture (Cerro Casale/Caspiche) in the Maricunga Region, Chile from 2017 to 2019, and member of the corporate development team at Goldcorp Inc. (now Newmont Corporation) from 2016 to 2017.	N/A	750,000 0.89%
<b>Rony Zimerman<sup>(2)</sup> Santiago, Chile</b>	Director	Natural Resources Attorney since 1998	N/A	250,000 0.30%

Notes:

- (1) The term of office of each director of the Resulting Issuer will expire at the next annual general meeting of the shareholders of the Resulting Issuer.
- (2) Proposed member of the Resulting Issuer's audit committee.
- (3) Percentages shown are based on 83,941,831 Resulting Issuer Shares issued and outstanding immediately following the Closing.

## Management

On Closing, the management team of the Resulting Issuer is expected to be Adrian Rothwell as CEO and Gavin Cooper as CFO and Corporate Secretary. It is anticipated that the Board of Directors of the Resulting Issuer will consist of Adrian Rothwell, Galen McNamara, Brandon Bonifacio and Rony Zimerman.

In addition to the information set out in the table above, following is some information about the proposed members of the Board of Directors and management of the Resulting Issuer:

***Adrian Rothwell – Age: 49 – Director, Chief Executive Officer***

Adrian Rothwell is a mining industry entrepreneur and executive for over 25 years. Mr. Rothwell is the President, Chief Executive Officer and Director of Lucky Minerals Inc. from September 16, 2019 to September 24, 2020 and Chairman of the board directors of Lucky Minerals Inc. since September 25, 2020; Director and Chair of the Audit Committee on Fireweed Zinc Ltd. since February 14, 2017; and Director of KORE Mining Ltd. since October 30, 2018 (and founder in February 2016) and formerly the President and Chief Executive Officer of KORE Mining Ltd. Mr. Rothwell is both a British Columbia Chartered Professional Accountant and a member of the Institute of Chartered Accountants of Australia and New Zealand. MR. Rothwell holds a Bachelor of Economics from Macquarie University.

***Gavin Cooper – Age: 73 – Chief Financial Officer, Corporate Secretary***

Gavin Cooper is a Chartered Professional Accountant with extensive experience in all aspects of corporate and financial management. Mr. Cooper is the Chief Financial Officer & Director at Nevaro Capital Corp., Chief Financial Officer & Secretary at Gold Bull Resources Corp., Chief Financial Officer & Secretary of Kutcho Copper Corp. and Chief Financial Officer at District Metals Corp. He is also on the board of Maitri Health Corp. and Principal at Gavin Cooper & Associates and a Member of The Chartered Professional Accountants of British Columbia. He holds a Bachelors of Accounting (Honors) from the University of South Africa.

***Galen McNamara – Age: 36 – Director***

Galen McNamara is an entrepreneur and geologist with extensive discovery and capital markets experience over nearly 15 years. Mr. McNamara was the Co-winner of the 2018 PDAC Bill Dennis “Prospector of the Year” Award for the Arrow uranium deposit and recipient of the 2016 Mines and Money Exploration Award. Mr. McNamara is the Chief Executive Officer and Director of Summa Silver Corp. since May 8, 2020. Mr. McNamara holds MSc and BSc degrees in geology from Laurentian University.

***Brandon Bonifacio – Age: 31 – Director***

Brandon Bonifacio is a mining executive with expertise in project development, mergers and acquisitions with over 10 years of experience. Mr. Bonifacio was the finance director of the Norte Abierto Joint Venture (Cerro Casale/Caspiche) in the Maricunga Region, Chile and a member of the corporate development team at Goldcorp Inc. (now Newmont Corporation). Mr. Bonifacio holds a MASc – Mining Engineering and MBA from the University of Nevada, Reno and a Bachelor of Commerce - Finance from the University of British Columbia.

***Rony Zimmerman – Age: 52 – Director***

Rony Zimmerman is a Natural Resources attorney in Chile, previously an attorney in Canada and past member of the British Columbia Bar, with a focus on mining projects and capital markets. Mr. Zimmerman is a 13-year partner at a major Chilean law firm and was ranked in Chambers and Partners, “Who’s Who Mining Legal 500 Best Lawyers and Latin Lawyer”. Mr. Zimmerman is the former Co-President of Natural Resources Committee - International Section of the American Bar Association. Mr. Zimmerman obtained his B.A. (Hons) at McGill University, his LLB at the University of British Columbia School of Law and his Chilean juris doctorate equivalent at the Universidad Finis Terrae.

## **PROMOTER CONSIDERATION**

The directors of the Resulting Issuer are the promoters of the Resulting Issuer. For a description of the number and percentage of common shares in the Resulting Issuer to be beneficially owned, directly or indirectly, or over which direction or control will be exercised by the directors of the Resulting Issuer see below “*Information Concerning the Resulting Issuer – Escrowed Securities*”.

## **CORPORATE CEASE TRADE ORDERS OR BANKRUPTCIES**

No proposed director, officer or Promoter of the Resulting Issuer or shareholder anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer is or has, within the past 10 years, been a director, officer or Promoter of any Person or 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 that Person or issuer access to any exemptions under applicable securities legislation for a period of more than 30 consecutive days or became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was 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 that Person.

## **PENALTIES AND SANCTIONS**

No proposed director, officer or Promoter of the Resulting Issuer or shareholder anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer or a personal holding corporation of such Persons is or has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by any securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions proposed 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 shareholder anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, or a personal holding corporation of such Persons is or has, within the past 10 years, become bankrupt, made a proposal under bankruptcy or insolvency legislation or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold their assets.

## **CONFLICTS OF INTEREST**

Some of the individuals proposed for appointment as directors or officers of the Resulting Issuer upon the completion of the Transaction are also directors, officers and/or Promoters of other reporting and non-reporting issuers, including those engaged in mining issuers. As of the date of this Filing Statement and to the knowledge of the directors and officers of ZTR and Federal Gold, there are no existing conflicts of interest between the Resulting Issuer and any of the individuals proposed for appointment as directors or officers following the completion of the Transaction.

## **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:

Name	Name and Jurisdiction of Reporting Issuer	Name of Trading Market	Position(s) Held	Term
Adrian Rothwell	Kore Mining Ltd.	TSX-V	Director	October 2018 to Present
	Lucky Minerals Inc.	TSX-V	President & CEO Director	September 2019 to September 2020 September 2019 to Present
	Fireweed Zinc Ltd.	TSX-V	Director	February 2017 to Present
Gavin Cooper	Kutcho Cooper Corp.	TSXV	CFO	2015 to Present
	Gold Bull Resources Corp.	TSXV	CFO	2016 to Present
	District Metals Corp.	TSXV	CFO	2017 to Present
	Nevaro Capital Corp.	Not Listed	Director and CFO	2010 to Present
	Pepcap Resources Inc.	TSXV	CFO	2015 to 2017
	Greenstar Biosciences Corp.	TSXV	CFO	2012 to 2019
	Canopy Rivers Inc.	TSXV	CFO	2018
	James E Wagner Cultivation Corp.	TSXV	CFO and Corp. Secretary	2017 to 2018
	Minfocus Exploration Corp.	TSXV	CFO	2010 to 2018
	Enthusiast Gaming Holdings	TSXV	Director, CEO and CFO	2017 to 2018
	Standard Lithium Ltd.	TSXV	Director and CFO	2015 to 2017
African Metals Corp.	TSXV	CFO	2015 to 2016	
Galen McNamara	Summa Silver Corp.	TSXV	CEO, Director	May 2020 to Present
	Hornby Bay Mineral Exploration	TSXV	Director	February 2010 to Present
	District Metals Corp	TSXV	Vice President	July 2018 to July 2019
	Getchell Gold Corp	CSE	Director	May 2011 to July 2017

## PROPOSED EXECUTIVE COMPENSATION

Following is the anticipated compensation, as known, for each of the Resulting Issuer's Named Executive Officers for the 12 month period after giving effect to the Transaction:

Name and principal position	Annual Salary	Share-based awards	Option-based awards	Non-equity incentive plan compensation		Pension value	All other compensation	Total Compensation
				Annual Incentive Plans	Long-term incentive plans			
Adrian Rothwell, CEO, Director	\$240,000	Nil	1,100,000	Nil	Nil	Nil	Nil	\$240,000
Gavin Cooper, CFO, Corporate Secretary	\$60,000	Nil	100,000	Nil	Nil	Nil	Nil	\$60,000

Note:

- (1) Resulting Issuer Options exercisable at \$0.40 per Resulting Issuer Share for a period of 5 years from grant to be issued upon completion of the Transaction.

### Incentive Plan Awards

#### *Share-based Awards*

During the 12 month period post-Transaction, it is not expected that the Resulting Issuer will grant any share-based awards, being awards granted under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units, and stock. See "*Forward-Looking Information*".

#### *Option-based awards*

In addition to the stock options which have been granted, the Resulting Issuer will likely grant future option-based awards, being awards under an equity incentive plan of options, including, for greater certainty, by granting stock options to its directors, officers and employees. The timing, amounts, exercise price of these future option-based awards, although not yet granted, are as proposed below (See "*Part III – Information Concerning the Resulting Issuer – Options And Warrants To Purchase Securities*"). Such stock options are expected to be granted under the Stock Option Plan. See "*Part I – Information Concerning ZTR – Stock Option Plan*".

### ***Pension Plan Benefits***

During the 12 month period post-Transaction, it is not expected that the Resulting Issuer will provide for defined benefit plans or defined contribution plans, being plans that provide for payments or benefits at, following, or in connection with retirement, or provide for deferred compensation plans. See “*Forward-Looking Information*”.

### **TERMINATION AND CHANGE OF CONTROL BENEFITS**

The Resulting Issuer does not currently anticipate having any written employment agreements with the Named Executive Officers, nor any plans or arrangements in place with any NEO that provide for payment following or in connection with any termination, resignation, retirement, a change of control of the Resulting Issuer or a change in a NEO’s responsibilities. Please see “*Part II – Information Concerning Federal Gold – Executive Compensation – Termination and Change of Control Benefits*”.

### **COMPENSATION OF DIRECTORS**

It is anticipated that the directors of the Resulting Issuer will be paid fees for their services, however, the amounts of such fees will be determined at the discretion of the Board of Directors of the Resulting Issuer following completion of the Transaction.

It is also expected that the Resulting Issuer will grant stock options to directors in recognition of the time and effort that such directors devote to the Resulting Issuer. The timing, amounts, exercise price of these future option-based awards are not yet determined.

### **INDEBTEDNESS OF DIRECTORS AND OFFICERS**

No individual who: (a) is a director or officer of ZTR, Subco or Federal Gold or is proposed to be a director or officer of the Resulting Issuer; (b) at any time during the nine months ended September 30, 2020, or the year ended December 31, 2019 for ZTR, or the period from incorporation on September 23, 2020 of Subco to date hereof, or at any time during the three months ended July 31, 2020, or at any time during the three months ended July 30, 2020, or the year ended April 30, 2020 for Federal Gold, was a director or officer of ZTR, Subco or Federal Gold or (c) is an Associate of any of the foregoing, is either: (i) indebted to ZTR, Subco or Federal Gold or any of their subsidiaries; or (ii) indebted to another entity with such indebtedness being the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by ZTR, Subco or Federal Gold.

### **INVESTOR RELATIONS ARRANGEMENTS**

No oral or written agreement has been entered into with any Person for the provision of investor relations services for the Resulting Issuer.

### **OPTIONS AND WARRANTS TO PURCHASE SECURITIES**

It is anticipated that there will be 4,260,000 Resulting Issuer Options and 1,005,975 Resulting Issuer Finder’s Warrants outstanding immediately following Closing. Other than the foregoing, no other securities will be outstanding which are convertible into, or exchangeable for, Resulting Issuer Shares following the completion of the Transaction. Please see “*Part IV – Information Concerning the Resulting Issuer – Description of Securities – Fully Diluted Share Capital*”.

Upon completion of the Transaction, the outstanding Resulting Issuer Options will be held under the Stock Option Plan by:

Category of Optionee	Number of Resulting Issuer Options	Exercise Price	Market Value on Date of Grant	Expiry Date
Officers of the Resulting Issuer	1,200,000 <sup>(1)</sup>	\$0.40	N/A	Five (5) years after date of grant
Directors of the Resulting Issuer (excluding Officers)	1,500,000 <sup>(2)</sup>	\$0.40	N/A	Five (5) years after date of grant
Former Officers and Directors of the Resulting Issuer	20,000 <sup>(3)</sup>	\$1.96	\$2.25	August 14, 2022
Employees	150,000	\$0.40	N/A	Five (5) years after date of grant
Consultants	65,000	\$0.70	\$0.875	May 20, 2021
	350,000	\$0.40	N/A	Five (5) years after date of grant
	150,000	\$0.40	N/A	One (1) year after date of grant
	300,000	\$0.40	N/A	Two (2) years after date of grant
Others	525,000	\$0.40	N/A	Five (5) years after date of grant
<b>Total</b>	<b>4,260,000</b>	<b>-</b>	<b>-</b>	<b>-</b>

Note:

- (1) Mr. Adrian Rothwell will be granted 1,100,000 Resulting Issuer Options for his service as director, member of the Audit Committee and Chief Executive Officer of the Resulting Issuer and Mr. Gavin Cooper will be granted 100,000 Resulting Issuer Options for his service as Chief Financial Officer and Corporate Secretary of the Resulting Issuer;
- (2) Mr. Galen McNamara, Mr. Brandon Bonifacio and Mr. Rony Zimerman will each be granted 500,000 Resulting Issuer Options for their respective service as a director of the Resulting Issuer; and
- (3) Mr. Phillip Rand was granted 20,000 incentive stock options of ZTR on August 14, 2017;

All of the stock options described in the foregoing table are or will be granted under the Stock Option Plan.

Upon Closing, the following warrants of the Resulting Issuer will be outstanding:

Number of Warrants	Number of Resulting Issuer Common Shares to be issued on exercise of the Warrants	Expiry Date	Exercise Price (\$/share)	Market Value as at Date of Issuance and Most Recent Month End
1,005,975	1,005,975	12 months after Closing	\$0.40	N/A

Notes:

- (1) Comprised of the Resulting Issuer Finder's Warrants issuable in connection with the Concurrent Private Placement.

There are no assurances that the options or warrants described above will be exercised in whole or in part.

### **STOCK OPTION PLAN**

Under the Stock Option Plan of the Resulting Issuer the maximum number of Resulting Issuer Shares reserved for issuance, including options currently outstanding, will be equal to ten (10%) percent of the Resulting Issuer Shares outstanding from time to time (being the 10% Maximum). The 10% Maximum is an “evergreen” provision, meaning that, following the exercise, termination, cancellation or expiration of any options, a number of Resulting Issuer Shares equivalent to the number of options so exercised, terminated, cancelled or expired would automatically become reserved and available for issuance in respect of future option grants.

The number of Resulting Issuer Shares which may be the subject of options on a yearly basis to any one Person cannot exceed five (5%) percent of the number of issued and outstanding Resulting Issuer Shares at the time of the grant. Options may be granted to any employee, officer, director, consultant, affiliate or subsidiary of Resulting Issuer exercisable at a price which is not less than the Discounted Market Price (as such term is defined in the Exchange Policies) of Resulting Issuer Shares on the date of the grant. The directors of Resulting Issuer may, by resolution, determine the time period during which any option may be exercised, provided that the exercise period does not contravene any rule or regulation of the Exchange. All options will terminate on the earliest to occur of (a) the expiry of their term; (b) the date of termination of an optionee’s employment, office or position as director, if terminated for just cause; (c) ninety (90) days (or such other period of time as permitted by the Exchange) following the date of termination of an optionee’s position as a director or officer, if terminated for any reason other than the optionee’s disability or death; (d) thirty (30) days following the date of termination of an optionee’s position as a consultant engaged in investor relations activities, if terminated for any reason other than the optionee’s disability, death, or just cause; and (e) the date of any sale, transfer or assignment of the option.

Options are non-assignable and are subject to early termination in the event of the death of a participant or in the event a participant ceases to be an officer, director, employee, consultant, affiliate, or subsidiary of Resulting Issuer, as the case may be. Subject to the foregoing restrictions, and certain other restrictions set out in the Stock Option Plan, the Board of Directors is authorized to provide for the granting of options and the exercise and method of exercise of options granted under the Stock Option Plan.

### **ESCROWED SECURITIES**

Pursuant to the Resulting Issuer Escrow Agreement, 19,653,345 Resulting Issuer Shares will be held in escrow pursuant to the Resulting Issuer Escrow Agreement, with Computershare as escrow agent.

### **Resulting Issuer Escrow Shares and Exchange Resale Restrictions**

The following table lists the names of the shareholders of the Resulting Issuer who will hold Resulting Issuer Escrow Shares following the completion of the Transaction, which shares will be subject to Value Escrow (as that term is defined in the policies of the Exchange).

Name and Municipality of Residence of Securityholder	Designation of Class	Number of Securities held in escrow or pooling (percentage of class)			
		ZTR Shares Prior to giving effect to the Transaction		Resulting Issuer Shares After giving effect to the Transaction	
		Number of Securities	Percentage of Total <sup>(1)</sup>	Number of Securities	Percentage of Total Class <sup>(2)</sup>
Adrian Rothwell Vancouver, BC	Common	Nil	-	3,000,000	3.57%
Gavin Cooper Vancouver, BC	Common	100,000	0.35%	100,000	0.12%
Galen McNamara Vancouver, BC	Common	2,000,000	7.0%	2,815,385	3.35%
Brandon Bonifacio Vancouver, BC	Common	500,000	1.74%	750,000	0.89%
Rony Zimerman Santiago, Chile	Common	Nil	-	250,000	0.30%
Michael Burns New Hazelton, BC	Common	Nil	-	38,462	0.05%
Christine Hucuklak Yassin West Vancouver, BC	Common	Nil	-	211,538	0.25%
TY and Sons Investments Inc. Vancouver, BC	Common	Nil	-	1,778,846	2.12%
Admiral Ventures Inc. Vancouver, BC	Common	Nil	-	278,846	0.33%
Marie Gleason Etobicoke, ON	Common	Nil	-	384,615	0.46%
Michael Konnert North Vancouver, BC	Common	Nil	-	634,615	0.76%
Craig Andrew Parry Vancouver, BC	Common	Nil	-	634,615	0.76%
Garrett Ainsworth Kelowna, BC	Common	Nil	-	76,923	0.09%
Talal Yassin Vancouver, BC	Common	Nil	-	500,000	0.60%
Carrera Capital Management Inc. Toronto, ON	Common	Nil	-	2,500,000	2.98%

Shanlea Quinn Richmond, BC	Common	Nil	-	750,000	0.89%
SC Strategy Consult AG Herisau, Switzerland	Common	Nil	-	500,000	0.60%
Brian Paes-Braga London, UK	Common	Nil	-	500,000	0.60%
Doug Ramshaw Calgary, AB	Common	Nil	-	125,000	0.15%
Mike Marosits West Vancouver, BC	Common	Nil	-	100,000	0.12%
Hani Zabaneh North Vancouver, BC	Common	Nil	-	200,000	0.24%
Lynwood Opportunities Master Fund Toronto, ON	Common	Nil	-	200,000	0.24%
Bryan Slusarchuk Vancouver, BC	Common	Nil	-	250,000	0.30%
Suma Men West Vancouver, BC	Common	Nil	-	125,000	0.15%
James Hutton West Vancouver, BC	Common	Nil	-	125,000	0.15%
Yasser Yassin North Vancouver, BC	Common	Nil	-	75,000	0.09%
Jan Michelle Bikic West Vancouver, BC	Common	Nil	-	1,500,000	1.79%
Bronson Peever West Vancouver, BC	Common	Nil	-	100,000	0.12%
Lois Sullivan Vancouver, BC	Common	Nil	-	50,000	0.06%
Saverio Steve Bonifacio Vancouver, BC	Common	Nil	-	600,000	0.71%
Alfred Gregorian West Vancouver, BC	Common	Nil	-	500,000	0.60%

Notes:

- (1) Based on 28,754,330 ZTR Shares issued and outstanding prior to Closing.
- (2) Based on 83,941,831 Resulting Issuer Shares issued and outstanding upon Closing.

Assuming the Resulting Issuer Shares are listed on the Exchange as a Tier 2 Issuer, the schedule of release of the Resulting Issuer Escrow Shares that are Value Shares (as that term is defined in the policies of the Exchange) is as follows:

<b>Release Dates</b>	<b>Percentage of Total Resulting Issuer Escrow Shares to be Released</b>
3 months after the Final Exchange Bulletin	10%
6 months after the Final Exchange Bulletin	15%
12 months after the Final Exchange Bulletin	15%
18 months after the Final Exchange Bulletin	15%
24 months after the Final Exchange Bulletin	15%
30 months after the Final Exchange Bulletin	15%
36 months after the Final Exchange Bulletin	15%

Additionally, certain ZTR Shareholders holding an aggregate of 20,816,705 ZTR Shares, entered into a voluntary pooling agreements with ZTR dated October 7, 2020 and October 30, 2020, respectively, pursuant to which such ZTR Shareholders agreed to impose resale restrictions on their Voluntary Pooled ZTR Shares, such that twenty-five percent (25%) of the Voluntary Pooled ZTR Shares will be released from the resale restriction on the date that is three (3) months following the Completion Date; a further twenty-five percent (25%) of the Voluntary Pooled ZTR Shares will be released from the resale restriction on the date that is six (6) months following the Completion Date; a further twenty-five percent (25%) of the Voluntary Pooled ZTR Shares will be released from the resale restriction on the date that is nine (9) months following the Completion Date; and the remaining twenty-five percent (25%) of the Voluntary Pooled ZTR Shares will be released from the resale restriction on the date that is twelve (12) months following the Completion Date.

Moreover, certain Federal Gold Shareholders holding an aggregate of 17,946,156 Federal Gold Shares, entered into agreements with Federal Gold, pursuant to which such Federal Gold Shareholders agreed to impose resale restrictions on their Voluntary Pooled Federal Gold Shares, such that (a) twenty-five percent (25%) of the Voluntary Pooled Federal Gold Shares will be released from the resale restriction on the date that is three (3) months following the Completion Date; (b) twenty-five percent (25%) of the Voluntary Pooled Federal Gold Shares will be released from the resale restriction on the date that is six (6) months following the Completion Date; (c) twenty-five percent (25%) of the Voluntary Pooled Federal Gold Shares will be released from the resale restriction on the date that is nine (9) months following the Completion Date; and (d) the remaining twenty-five percent (25%) of the Voluntary Pooled Federal Gold Shares will be released from the resale restriction on the date that is twelve (12) months following the Completion Date.

### **Transfer of Resulting Issuer Escrow Shares**

Where shares subject to escrow are to be held by a company or trust, such company or trust will be required to agree not to carry out, while its shares are in escrow, any transaction that would result in the change of control of the Resulting Issuer. Any such company will be required to further undertake to the Exchange that, to the extent reasonably possible, it will not permit or authorize any issuance or transfer of securities which could reasonably result in a change of control of the Resulting Issuer.

All holders of Resulting Issuer Escrow Shares must obtain Exchange consent to transfer such shares, other than in specified circumstances set out in the Resulting Issuer Escrow Agreement.

**AUDITORS**

The auditors of the Resulting Issuer will be Dale Matheson Carr-Hilton LaBonte LLP, Chartered Professional Accountants located at Suite 1500, 1140 West Pender Street, Vancouver, British Columbia, V4A 4N2.

**TRANSFER AGENT AND REGISTRAR**

It is expected that Computershare, which is currently ZTR's registrar and transfer agent, will 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 in Vancouver, British Columbia, Canada.

**PART IV - GENERAL MATTERS****SPONSOR**

ZTR has applied for and received an exemption from the Sponsorship requirements of the Exchange.

**EXPERTS**

The audit reports of ZTR described or included in this Filing Statement and the audit reports of Federal Gold described or included in this Filing Statement were prepared by Dale Matheson Carr-Hilton LaBonte LLP, Chartered Professional Accountants. Dale Matheson Carr-Hilton LaBonte LLP, Chartered Professional Accountants does not beneficially own, directly or indirectly, any securities, nor does it have any interest in the property of ZTR or Federal Gold. Moreover, Dale Matheson Carr-Hilton LaBonte LLP, Chartered Professional Accountants have advised ZTR and Federal Gold that it is independent within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia.

Information relating to the Uchi Property in this Filing Statement has been prepared and certified by Jamie Lavigne, P. Geo and information relating to the Dorado Property in this Filing Statement has been prepared and certified by David Hopper, Chartered Geologist of the Geological Society of London (Fellow No. 1030584). Jamie Lavigne, P. Geo and David Hopper are qualified persons as such term is defined in NI 43-1010. Jamie Lavigne, P. Geo and David Hopper do not beneficially own, directly or indirectly, any securities, nor does it have any interest in the property of ZTR or Federal Gold.

In addition, none of the aforementioned Persons or companies, nor any director, officer or employee of any of the aforementioned Persons or companies, is or is expected to be elected, appointed or employed as a director, officer or employee of the Resulting Issuer or of any Associate or Affiliate of the Resulting Issuer. See "*Forward-Looking Information*".

Moreover, except as disclosed herein, none of the aforementioned Persons or companies nor any director, officer or employee of any of the aforementioned Persons or companies, currently holds more than 1% of the ZTR Shares and, upon completion of the Amalgamation, will not hold more than 1% of the issued and outstanding Resulting Issuer Shares.

**OTHER MATERIAL FACTS**

There are no other material facts about ZTR, Subco, Federal Gold, Resulting Issuer or the Transaction that are not disclosed elsewhere in this Filing Statement.

**APPROVAL OF THE BOARD OF DIRECTORS**

The contents of this Filing Statement have been approved by the Board of Directors of ZTR. Where information contained in this Filing Statement rests particularly within the knowledge of a Person other than ZTR or Federal Gold, ZTR or Federal Gold, respectively, has relied upon information furnished by such Person.

**APPENDIX A**  
**FINANCIAL STATEMENTS OF ZTR**

Please see attached.

**ZTR ACQUISITION CORP.**  
(formerly Oyster Oil and Gas Ltd.)

Consolidated Financial Statements

December 31, 2019

(Expressed in Canadian dollars)



DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ZTR Acquisition Corp.

### Opinion

We have audited the consolidated financial statements of ZTR Acquisition Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, and the consolidated statements of comprehensive loss, changes in shareholder's deficiency and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying 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.

### Basis for Opinion

We conducted our audit 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 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 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 is sufficient and appropriate to provide a basis for our opinion.

### Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the 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 financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. 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 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 Cherry Ho.

DMCL

**DALE MATHESON CARR-HILTON LABONTE LLP**  
**CHARTERED PROFESSIONAL ACCOUNTANTS**  
Vancouver, BC

April 29, 2020



An independent firm  
associated with Moore  
Global Network Limited

# ZTR ACQUISITION CORP.

(formerly Oyster Oil and Gas Ltd.)

Statements of Financial Position

(Expressed in Canadian dollars)

	December 31, 2019	December 31, 2018
<b>Assets</b>		
Current assets:		
Cash	\$ 581	\$ 24,667
Receivables (note 4)	10,048	6,779
Prepaid expenses	-	5,787
	10,629	37,233
Non-current assets:		
Restricted cash (note 12)	128,340	136,440
Equipment, net	-	10,196
Exploration and evaluation – oil and gas (note 5 and 8)	-	1,904,033
	128,340	2,050,669
<b>Total assets</b>	<b>\$ 138,969</b>	<b>\$ 2,087,902</b>
<b>Liabilities and Shareholders' Deficiency</b>		
Current liabilities:		
Accounts payable and accrued liabilities (notes 6 and 11)	\$ 556,470	\$ 1,168,460
Notes Payable (notes 7 and 11)	169,847	71,398
Convertible debentures (note 8)	-	1,232,215
	726,317	2,472,073
Shareholders' deficiency		
Share capital (note 9)	27,246,926	27,246,926
Share-based payment reserve (note 9)	5,394,772	5,394,772
Deficit	(33,229,046)	(33,025,869)
	(587,348)	(384,171)
<b>Total liabilities and shareholders' deficiency</b>	<b>\$ 138,969</b>	<b>\$ 2,087,902</b>

Nature of operations and going concern (note 1)

Subsequent events (note 15)

Approved on behalf of the Board:

"Gavin Cooper"

"Martin Bajic"

See accompanying notes to the financial statements

# ZTR ACQUISITION CORP.

(formerly Oyster Oil and Gas Ltd.)

Statements of Comprehensive Loss

(Expressed in Canadian dollars)

	Year Ended December 31, 2019	Year Ended December 31, 2018
Operating Expenses:		
Corporate office (notes 10 and 11)	\$ 237,746	\$ 484,940
General and administrative (notes 10 and 11)	87,409	102,587
Amortization	-	344
	(325,155)	(587,871)
Other Items:		
Gain on settlement of convertible debt (note 8)	171,756	-
Gain on the reversal of accrued liabilities (note 6)	22,707	-
Write-off of accounts receivable	-	(1,168)
Impairment of exploration and evaluation asset (note 5)	-	(9,709,817)
Interest and accretion expense (notes 7 and 8)	(70,283)	(291,791)
Loss on foreign exchange	(2,463)	(30,883)
Interest income	261	261
Change in derivative liability (note 8)	-	185,947
	121,978	(9,847,451)
Net and comprehensive loss	\$ (203,177)	\$ (10,435,322)
Loss per share – basic and diluted	\$ (0.00)	\$ (0.24)
Weighted average number of shares outstanding – basic and diluted	43,771,659	43,769,947

See accompanying notes to the financial statements

## ZTR ACQUISITION CORP.

(formerly Oyster Oil and Gas Ltd.)

Statement of Changes in Shareholders' Deficiency

(Expressed in Canadian dollars)

	Share capital		Share-based payment reserve	Deficit	Total
	Number of shares	Amount			
<b>Balance at December 31, 2017</b>	<b>43,646,659</b>	<b>\$ 27,211,302</b>	<b>\$ 5,409,146</b>	<b>\$ (22,590,547)</b>	<b>\$ 10,029,901</b>
Shares issued on exercise of options (note 9)	125,000	35,624	(14,374)	-	21,250
Comprehensive loss:					
Net and comprehensive loss	-	-	-	(10,435,322)	(10,435,322)
<b>Balance at December 31, 2018</b>	<b>43,771,659</b>	<b>27,246,926</b>	<b>5,394,772</b>	<b>(33,025,869)</b>	<b>(384,171)</b>
Net and comprehensive loss	-	-	-	(203,177)	(203,177)
<b>Balance at December 31, 2019</b>	<b>43,771,659</b>	<b>\$ 27,246,926</b>	<b>\$ 5,394,772</b>	<b>\$ (33,229,046)</b>	<b>\$ (587,348)</b>

*See accompanying notes to the financial statements*

# ZTR ACQUISITION CORP.

(formerly Oyster Oil and Gas Ltd.)

Statements of Cash Flows

(Expressed in Canadian dollars)

	Year Ended December 31, 2019	Year Ended December 31, 2018
Operating activities		
Net loss	\$ (203,177)	\$ (10,435,322)
Items not involving cash		
Amortization	-	344
Gain on settlement of convertible debt	(171,756)	-
Gain on reversal of accrued liabilities	(22,707)	-
Interest and Accretion expense of convertible debt	70,283	291,791
Foreign exchange on monetary assets and liabilities	2,463	(7,560)
Gain on change in derivative liability	-	(185,947)
Loss on write-off of accounts receivable	-	1,168
Impairment of exploration and evaluation asset	-	9,709,817
Changes in non-cash working capital		
Receivables	(4,713)	6,506
Prepaid expenses	-	3,589
Accounts payable and accrued liabilities	201,408	525,122
Net cash used in operating activities	(128,199)	(90,492)
Investing activities		
Expenditures on exploration and evaluation asset – oil and gas	-	(106,400)
Net cash used in investing activities	-	(106,400)
Financing activities		
Promissory notes proceed	104,113	71,398
Proceeds from share issuance	-	21,250
Net cash provided by financing activities	104,113	92,648
Decrease in cash	(24,086)	(104,244)
Cash, beginning of year	24,667	128,911
Cash, ending of year	\$ 581	\$ 24,667

During the years ended December 31, 2019 and 2018, the Company incurred the following non-cash transactions that are not reflected in the statements of cash flows:

	December 31, 2019	December 31, 2018
Expenditures on exploration and evaluation asset – oil and gas included in accounts payable and accrued liabilities	\$ -	\$ 98,012
Liabilities incurred from expenditures on exploration and evaluation asset – oil and gas settled by disposition of subsidiaries	\$ 72,629	\$ -

*See accompanying notes to the financial statements*

# ZTR ACQUISITION CORP.

(formerly Oyster Oil and Gas Ltd.)

Notes to the Financial Statements

(Expressed in Canadian Dollars)

For the Years Ended December 31, 2019 and 2018

## 1. Nature of Operations and Going Concern

ZTR Acquisition Corp. (formerly Oyster Oil and Gas Ltd.) (the "Company") is currently exploring business opportunities in different markets. The Company's shares are traded on the NEX (the "Exchange") under the symbol "ZTR.H".

The head office and the registered and records office of the Company are located at Suite 918 – 1030 West Georgia Street, Vancouver, BC, V6E 2Y3.

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. During the year ended December 31, 2019, the Company incurred a comprehensive loss of \$203,177 and, as of that date, the Company had a working capital deficiency of \$715,688. The Company's continuation as a going concern is dependent upon its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with loans from directors and companies controlled by directors and or private placement of common shares. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its consolidated statement of financial position.

## 2. Basis of Preparation

The consolidated financial statements were authorized for issue on April 29, 2020 by the directors of the Company.

### (a) Statement of Compliance with International Financial Reporting Standards

The consolidated financial statements of the Company comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

### (b) Basis of Measurement

The consolidated financial statements 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.

### (c) Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the useful lives of equipment, the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments, share-based payments, the recoverability and measurement of deferred tax assets.

# ZTR ACQUISITION CORP.

(formerly Oyster Oil and Gas Ltd.)

Notes to the Financial Statements

(Expressed in Canadian Dollars)

For the Years Ended December 31, 2019 and 2018

## 2. Basis of Preparation (continued)

### (d) Significant judgments

The preparation of consolidated financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's consolidated financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- the classification / allocation of expenditures as exploration and evaluation expenditures or operating expenses; and
- the determination of the functional currency of the parent company and its subsidiaries.

## 3. Significant Accounting Policies

### (a) Basis of Consolidation

The consolidated financial statements of the Company consolidate the accounts of the Company and its subsidiaries. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation. Subsidiaries are those entities that the Company controls by having the power to govern the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Company.

The wholly owned subsidiaries of the Company which are included in these consolidated financial statements as at December 31, 2019 and 2018 are

Name	Place of incorporation	2019	2018
Oyster Oil & Gas Limited	British Virgin Island	N/A	100%
Oyster Oil and Gas Djibouti SARL	Djibouti	N/A	100%
Oyster Madagascar Limited	British Virgin Island	N/A	100%

The consolidated financial statements of the Company included the financial results of its three subsidiaries to June 19, 2019, the date of disposition.

### (b) Financial Instruments

#### *IFRS 9 Financial Instruments*

The following is the Company's new accounting policy for financial instruments under IFRS 9:

#### (i) Classification

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

# ZTR ACQUISITION CORP.

(formerly Oyster Oil and Gas Ltd.)  
Notes to the Financial Statements  
(Expressed in Canadian Dollars)  
For the Years Ended December 31, 2019 and 2018

## 3. Significant Accounting Policies (continued)

### (a) Financial Instruments (continued)

#### (i) Classification (continued)

The following table shows the classification under IFRS 9:

<b>Financial assets/liabilities</b>	<b>Classification under IFRS 9</b>
Cash and restricted cash	FVTPL
Receivables	Amortized cost
Accounts payable	Amortized cost
Convertible debenture	Amortized cost
Note payable	Amortized cost

#### (ii) Measurement

##### *Debt investments at FVTOCI*

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

##### *Equity investments at FVTOCI*

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

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

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

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

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

#### (iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

#### (iv) Derecognition

##### *Financial assets*

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

# ZTR ACQUISITION CORP.

(formerly Oyster Oil and Gas Ltd.)

Notes to the Financial Statements

(Expressed in Canadian Dollars)

For the Years Ended December 31, 2019 and 2018

## 3. Significant Accounting Policies (continued)

### (a) Financial Instruments (continued)

#### *Financial liabilities*

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. Gain and losses on derecognition are general recognized in profit or loss.

Costs incurred before the Company has obtained the legal rights to explore an area are expensed as incurred.

### (b) Exploration and evaluation assets

Exploration and evaluation expenditures include the costs of acquiring licenses and costs associated with exploration and evaluation activity. Option payments are considered acquisition costs provided that the Company has the intention of exercising the underlying option.

Property option agreements are exercisable entirely at the option of the option holder. Therefore, option payments (or recoveries) are recorded when payment is made (or received) and are not accrued.

Exploration and evaluation expenditures are capitalized. The Company capitalizes costs to specific blocks of claims or areas of geological interest. Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that impairment exists. Examples of such facts and circumstances are as follows:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

After technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the Company stops capitalizing expenditures for the applicable block of claims or geological area of interest and tests the asset for impairment. The capitalized balance, net of any impairment recognized, is then reclassified to either tangible or intangible mine development assets according to the nature of the asset.

### (c) Income and loss per share

Basic income (loss) per share is calculated by dividing the income (loss) attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the income (loss) attributable to common shareholders equals the reported income (loss) attributable to owners of the Company. Diluted income (loss) per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted income (loss) per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

# ZTR ACQUISITION CORP.

(formerly Oyster Oil and Gas Ltd.)

Notes to the Financial Statements

(Expressed in Canadian Dollars)

For the Years Ended December 31, 2019 and 2018

## 3. Significant Accounting Policies (continued)

### (d) 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 countries where the Company operates and generates taxable income.

Current income 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.

#### Deferred income tax

Deferred income tax is provided using the asset and liability sheet method 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.

### (e) Foreign currency translation

The functional currency of each entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars which is the functional currency of the parent company and its subsidiaries.

#### Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. The financial results and position of foreign operations whose functional currency is the same as the parent Company's presentation currency are translated as follows:

- monetary assets and liabilities are translated at period-end exchange rates prevailing at that reporting date;
- non-monetary items measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of such foreign operations are recognized in profit or loss.

# ZTR ACQUISITION CORP.

(formerly Oyster Oil and Gas Ltd.)

Notes to the Financial Statements

(Expressed in Canadian Dollars)

For the Years Ended December 31, 2019 and 2018

## 3. Significant Accounting Policies (continued)

### (f) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

### (g) Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are 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 the share-based payment reserve. The fair value of options is determined using a Black-Scholes Option Pricing Model. 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.

### (h) Leases

The Company adopted IFRS 16 which sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model. The adoption did not result in any impact on the financial statements as the Company did not have any lease during the periods presented.

## 4. Receivables

	December 31, 2019	December 31, 2018
GST receivable	\$ 10,048	\$ 5,334
Other	-	1,445
	\$ 10,048	\$ 6,779

## ZTR ACQUISITION CORP.

(formerly Oyster Oil and Gas Ltd.)

Notes to the Financial Statements

(Expressed in Canadian Dollars)

For the Years Ended December 31, 2019 and 2018

### 5. Exploration and Evaluation Asset – Oil and Gas

The Company's oil and gas exploration and evaluation assets were comprised of two properties in east Africa. On February 21, 2019, the Company entered into a Debt Settlement Agreement (the "Agreement") with the convertible debenture holders to settle the outstanding convertible debentures (note 8) and accrued interest with 100% of the issued and outstanding common shares of Oyster Oil & Gas Limited ("Oyster BVI"). Oyster BVI has the 100% working interest of exploration and evaluation stage oil and gas assets in both Djibouti and Madagascar (combined as the "Exploration and Evaluation Assets"). Pursuant to the Agreement, ownership of the Exploration and Evaluation Assets transferred to the convertible debenture holders along with the common shares of Oyster BVI. The convertible debenture holders also assumed the accrued liabilities at Oyster BVI as part of the Agreement.

The carrying values as at December 31, 2019 and 2018 are as follows:

	December 31, 2019	December 31, 2018
Republic of Djibouti	\$ -	\$ 1,203,595
Republic of Madagascar	-	700,438
	\$ -	\$ 1,904,033

#### Republic of Djibouti

Exploration and evaluation expenditures incurred and dispositions on this property for the years ended December 31, 2019 and 2018 is as follows:

Balance, December 31, 2017	\$ 7,263,895
Field and technical work	2,719
Field office, management and administration	74,838
Impairment	(6,137,857)
Balance, December 31, 2018	1,203,595
Field and technical work	5,026
Field office, management and administration	16,369
Disposition (Note 8)	(1,224,990)
Balance, December 31, 2019	\$ -

#### Republic of Madagascar

Exploration and evaluation expenditures incurred and dispositions on this property for the years ended December 31, 2019 and 2018 is as follows:

Balance, December 31, 2017	\$ 4,145,543
Field office, management and administration	126,855
Impairment	(3,571,960)
Balance, December 31, 2018	700,438
Field and technical work	28,759
Field office, management and administration	22,476
Disposition (Note 8)	(751,673)
Balance, December 31, 2019	\$ -

# ZTR ACQUISITION CORP.

(formerly Oyster Oil and Gas Ltd.)

Notes to the Financial Statements

(Expressed in Canadian Dollars)

For the Years Ended December 31, 2019 and 2018

## 6. Accounts Payable and Accrued Liabilities

	December 31, 2018	December 31, 2018
Trade payables (note 11)	\$ 508,356	\$ 892,564
Accrued liabilities (a)	36,613	99,871
Interest payable (note 7)	11,501	176,025
	\$ 556,470	\$ 1,168,460

(a) During the year ended December 31, 2019, the Company reversed \$22,707 of Director fees accrued in prior year.

## 7. Notes payable

During the year ended December 31, 2018, the Company issued notes payable to an arm's length party in the amount of \$52,958 (US\$35,000 and CDN\$7,500). The balance was unsecured, bearing 7% interest rate per annum and due on demand. During the year ended December 31, 2019, the Company accrued interest of \$4,335 (2018: \$nil).

During the year ended December 31, 2018, the Company issued notes payable to a former director of the Company in the amount of \$12,776 (US\$9,836). The balance was unsecured, bearing 7% interest rate per annum and due on demand. During the year ended December 31, 2019, the Company accrued interest of \$984 (2018: \$nil) (Note 11).

During the year ended December 31, 2019, the Company issued notes payable to an arm's length party in the amount of \$87,988 (US\$10,000 and CDN\$75,000). The balances were unsecured, bearing 10% interest rate per annum and due on demand. During the year ended December 31, 2019, the Company accrued interest of \$5,723.

During the year ended December 31, 2019, the Company issued notes payable to an arm's length party in the amount of \$15,625. The balances were unsecured, bearing 10% interest rate per annum and due on June 30, 2020. During the year ended December 31, 2019, the Company accrued interest of \$459.

During the year ended December 31, 2019, the Company issued a note payable to an officer and director in the amount of \$500 (Note 11). The note is unsecured, non-interest bearing and no specific terms of repayment.

## 8. Convertible Debentures

On July 25, 2017, the Company closed a first tranche of a non-brokered private placement of convertible debentures for gross proceeds of \$1,150,915. The convertible debentures are to mature at the sooner of within five days of the Company's shares listing on the Alternative Investment Market ("AIM"), a sub-market of the London Stock Exchange, or one year from the date of issue and will bear interest at the rate of 10% per annum. The Company also issued to the lenders a total of 575,458 detachable share purchase warrants being a warrant for every \$2 of principal. Each share purchase warrant entitles the holder to acquire one common share at an exercise price of \$0.55 for a period of one year. The lenders may, at any time, convert all or portion of the principal into common shares of the Company at a value being the lesser of \$0.50 per common share or a 20% discount to the AIM opening listing offering price. As the conversion price is variable, the Company recognized a derivative liability of \$255,679 on inception of the convertible debentures with the fair value determined using Black-Scholes pricing model with the following assumptions: Risk free interest of 1.17%; Expected life of 1 year; Expected volatility of 89% and dividend yield of nil. The remaining portion net of issuance costs of \$889,139 was allocated to the debt component. No residual value was allocated to the warrants. During the year ended December 31, 2019, contractual interest expense of \$54,863 (2018: \$114,421) was accrued and included in interest and accretion expense. The convertible debentures matured on July 25, 2018 and was in default. On February 21, 2019, the Company entered into a settlement agreement with the debenture holders to settle the outstanding principals and accrued interest. The agreement completed on June 19, 2019 (Note 5).

## ZTR ACQUISITION CORP.

(formerly Oyster Oil and Gas Ltd.)

Notes to the Financial Statements

(Expressed in Canadian Dollars)

For the Years Ended December 31, 2019 and 2018

### 8. Convertible Debentures (continued)

On August 1, 2017, the Company closed a second tranche of the non-brokered private placement of convertible debentures for gross proceeds of \$81,300. The convertible debentures have the same terms and conditions as the first tranche issued on July 25, 2017. The Company also issued to the lenders a total of 40,650 detachable share purchase warrants. Each share purchase warrant entitles the holder to acquire one common share at an exercise price of \$0.55 for a period of one year. As the conversion price is variable, the Company recognized a derivative liability of \$27,258 on inception of the convertible debentures with the fair value determined using Black-Scholes pricing model with the following assumptions: Risk free interest of 1.19%; Expected life of 1 year; Expected volatility of 89% and dividend yield of nil. The remaining portion net of issuance costs of \$53,612 was allocated to the debt component. No residual value was allocated to the warrants. During the year ended December 31, 2019, contractual interest expense of \$3,919 (2018: \$8,060) was accrued and included in interest and accretion expense. The convertible debentures matured on August 1, 2018 and was in default. On February 21, 2019, the Company entered into a settlement agreement with the debenture holders to settle the outstanding principals and accrued interest. The agreement completed on June 19, 2019 (Note 5).

As at December 31, 2019, the Company's convertible debentures are as follows:

	Convertible Debentures	Derivative Liability	Interest Payable
Balance, December 31, 2017	\$ 1,062,905	\$ 185,947	\$ 53,544
Accretion	169,310	-	-
Interest accrued			122,481
Change in fair value of derivative liability	-	(185,947)	-
Balance, December 31, 2018	1,232,215	-	176,025
Interest accrued	-	-	58,782
Forgiveness upon sale of subsidiary	(1,232,215)	-	(234,807)
Balance, December 31, 2019	\$ -	\$ -	-

On June 19, 2019, the Company transferred its ownership in its wholly owned subsidiary, Oyster BVI, in exchange for the settlement of outstanding convertible debentures and interest. A summary of assets and liabilities transferred upon settlement is outlined below:

<b>Liabilities settled or transferred upon disposition:</b>	
Convertible debentures	\$ 1,232,215
Interest payable on convertible debentures	234,807
Accounts payables	704,759
	2,171,781
<b>Assets transferred upon disposition</b>	
Cash	(5,935)
Other receivables	(1,444)
Prepaid expenses	(5,787)
Equipment, net	(10,196)
Exploration and evaluation assets (Note 5)	(1,976,663)
	(2,000,025)
Gain on disposition	\$ 171,756

## ZTR ACQUISITION CORP.

(formerly Oyster Oil and Gas Ltd.)

Notes to the Financial Statements

(Expressed in Canadian Dollars)

For the Years Ended December 31, 2019 and 2018

### 9. Share Capital

(a) Authorized

Unlimited class A common shares, without par value.

(b) Issued

At December 31, 2019, there were 43,771,659 common shares issued and fully paid common shares outstanding (December 31, 2018 – 43,771,659).

During the year ended December 31, 2018, the Company issued 125,000 common shares as a result of the exercise of options exercisable at \$0.15 per share for total proceeds of \$21,250.

(c) Options

A summary of the status of the Company's stock options outstanding as at December 31, 2019 and December 31, 2018 and changes during the periods is presented below:

	Number of Options	Weighted average exercise price
Balance, December 31, 2017	3,225,000	\$ 0.30
Exercised	(125,000)	0.17
Expired	(900,000)	0.56
Balance, December 31, 2018	2,200,000	0.20
Expired	(200,000)	0.45
Balance, December 31, 2019	2,000,000	\$ 0.17
Weighted average remaining contractual life		1.49 Years

As at December 31, 2019, the following options were outstanding:

Expiry date	Options outstanding and exercisable	
	Exercise price	Options
May 20, 2021	\$ 0.14	1,800,000
March 2, 2022	\$ 0.40	100,000
August 14, 2022	\$ 0.49	100,000
		2,000,000

## ZTR ACQUISITION CORP.

(formerly Oyster Oil and Gas Ltd.)

Notes to the Financial Statements

(Expressed in Canadian Dollars)

For the Years Ended December 31, 2019 and 2018

### 9. Share Capital (continued)

#### (d) Warrants

The following table summarizes the continuity of the Company's warrants and broker warrants:

	Number of warrants	Weighted average exercise price
Balance, December 31, 2017	3,518,419	\$ 0.44
Expired	(2,678,608)	(0.41)
Balance, December 31, 2018	839,811	0.55
Expired	(839,811)	(0.55)
Balance, December 31, 2019	-	\$ -
Weighted average remaining contractual life		-

#### (e) Reserves

The share-based payment reserve records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. The share-based payment reserve also records items recognized as share-based expense for warrants that were issued for a service. The Company uses the residual method of valuing attachable warrants issued as a part of units in conjunction with private placements of common shares. Any value related to these types of warrants would be recorded to a warrant reserve.

### 10. Expenses by nature

	Year Ended December 31, 2019	Year Ended December 31, 2018
<b>Corporate office:</b>		
Consulting fee (note 11)	\$ 222,683	\$ 404,841
Filing fees	15,063	80,099
	237,746	484,940
<b>General and administrative</b>		
Accounting and legal	54,422	44,281
Office Administration (note 11)	13,768	39,189
Insurance	19,219	19,177
	87,409	102,587

## ZTR ACQUISITION CORP.

(formerly Oyster Oil and Gas Ltd.)

Notes to the Financial Statements

(Expressed in Canadian Dollars)

For the Years Ended December 31, 2019 and 2018

### 11. Related Party Transactions

- (a) Key management compensation

Compensation of key management for the periods ended December 31, 2019 and 2018 are as follows:

	2019	2018
Management and consulting fees:		
Included in property investigation, corporate office and general and administrative expense	\$ 65,119	\$ 233,852
Included in exploration and evaluation assets – Oil and Gas	-	88,398
	-	322,250
Director fees	7,907	38,989
Administration fees	-	10,064
	\$ 73,026	\$ 371,303

- (b) Related party balances

Included in accounts payables is \$8,285 (2018 - \$526,935) owing to members of the Company's key management and directors. These amounts are unsecured, non-interest bearing and has no fixed terms of repayment.

The balance outstanding for the promissory notes with formal directors as at December 31, 2019 is \$13,760 (2018: \$13,149) (Note 7). The balance is unsecured, bearing 7% rate per annum and due on demand.

The balance outstanding for the promissory notes with an officer and a director as at December 31, 2019 is \$500 (2018: \$nil) (Note 7). The balance is unsecured, non-interest bearing and no specific terms of repayment.

### 12. Restricted Cash

On October 24, 2013, the Company closed an agreement to acquire a 10% working interest in certain exploration and evaluation stage oil and gas assets located onshore in the northwestern part of the Republic of Madagascar. In accordance with the agreement, the Company agreed to keep the existing \$128,340 (US\$100,000) (2018: \$136,440) bank guarantee in place. The bank guarantee is restricted cash on deposit with a bank and the parent company guarantee is to be a written guarantee by the parent Oyster Oil and Gas Ltd. As at the report day, the guarantee is remaining in place.

## ZTR ACQUISITION CORP.

(formerly Oyster Oil and Gas Ltd.)

Notes to the Financial Statements

(Expressed in Canadian Dollars)

For the Years Ended December 31, 2019 and 2018

### 13. Income Taxes

A reconciliation of the expected income tax recovery to the actual income tax recovery for the years ended December 31, 2019 and 2018 is as follows:

	2019	2018
Net loss	\$ (203,177)	\$ (10,435,322)
Statutory income tax rate	27.0%	27.0%
Expected income tax recovery	(54,858)	(2,817,537)
Non-deductible items and other	3,868	83,320
Impairment	-	2,621,651
True-up of prior year losses	(218)	57,357
Effect of change in tax rate	-	(38,163)
Change in deductible temporary differences not recognized	51,208	93,372
Income tax recovery	\$ -	\$ -

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

	December 31, 2019	December 31, 2018
Non-capital losses – Canada	\$ 4,032,789	\$ 3,831,494
Resource expenditure tax pools	153,143	153,143
Share issuance costs	23,273	34,910
Equipment tax pools	1,278	1,278
Unrecognized deferred tax assets	\$ 4,210,483	\$ 4,020,825

The non-capital losses expire in the years 2025 – 2039 and share issuance expire by 2021. Other temporary differences may be carried forward indefinitely.

### 14. Financial Risk and Capital Management

#### (a) Financial risks

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:

#### Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash. Substantially all of the Company's cash is deposited in bank accounts held with major banks in Canada. As the majority of the Company's cash is held by the same bank there is a concentration of credit risk. This risk is managed by using major Canadian banks that are high credit quality financial institutions as determined by rating agencies. The Company assessed credit risk as low.

# ZTR ACQUISITION CORP.

(formerly Oyster Oil and Gas Ltd.)

Notes to the Financial Statements

(Expressed in Canadian Dollars)

For the Years Ended December 31, 2019 and 2018

## 14. Financial Risk and Capital Management (continued)

### (a) Financial risks (continued)

#### Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash. The Company assesses liquidity risk as high.

#### Foreign Exchange Risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. At December 31, 2019, the net carrying value of financial instruments denominated in United States dollars is \$16,447. Fluctuations in the United States dollar relative to the Canadian dollar will impact the Company's net loss. The Company does not hedge its exposure to fluctuations in foreign exchange rates. The Company assesses foreign exchange risk to be low.

#### Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is periodically exposed to interest rate risk on its cash equivalents as these instruments are exposed to interest rate fluctuations on renewal. The notes payable and convertible debentures bear fix interest rate. The Company assesses interest rate risk as low.

### (b) Management of capital

The Company's objectives when managing capital are:

- i. to ensure that the Company will continue as a going concern so that it can continue to provide services to its customers and offer a return on investment to its shareholders; and
- ii. to maintain a capital structure which optimizes the cost of capital while providing flexibility and diversity of funding sources and timing of debt maturities along with adequate anticipated liquidity for future growth.

The Company defines capital that it manages as the aggregate of its cash and share capital.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will make changes to its capital structure as deemed appropriate under the specific circumstances. The Company's investment policy is to invest only in investment grade, highly liquid money market and fixed income securities with less than one year maturity.

At December 31, 2019, the Company was not subject to any externally imposed capital requirements.

The Company's overall strategy with respect to management of capital remains unchanged from the prior year.

## **ZTR ACQUISITION CORP.**

(formerly Oyster Oil and Gas Ltd.)

Notes to the Financial Statements

(Expressed in Canadian Dollars)

For the Years Ended December 31, 2019 and 2018

### **15. Subsequent Events**

Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from coronavirus (COVID-19). The Company continues to operate its business and move its exploration activity forward at this time. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations cannot be reasonably estimated at this time. The Company anticipates this could have an adverse impact on its business, results of operations, financial position and cash flows in 2020.

During the period after December 31, 2019, the Company issued notes payable to an arm's length party in the amount of \$6,000. The balances were unsecured, bearing 10% interest rate per annum and due on June 30, 2020.

# **ZTR ACQUISITION CORP.**

(formerly Oyster Oil and Gas Ltd.)

Interim Condensed Statements of Financial Position

(Expressed in Canadian dollars)

# **ZTR ACQUISITION CORP.**

**(formerly Oyster Oil and Gas Ltd.)**

Unaudited Interim Condensed Financial Statements

For the nine months ended September 30, 2020

(Expressed in Canadian dollars - unaudited)

	September 30, 2020 (unaudited)	December 31, 2019
<b>Assets</b>		
Current assets:		
Cash	\$ 363,810	\$ 581
Receivables	5,316	10,048
	369,126	10,629
Non-current assets:		
Restricted cash	129,282	128,340
<b>Total assets</b>	<b>\$ 498,408</b>	<b>\$ 138,969</b>
<b>Liabilities and Shareholders' Deficiency</b>		
Current liabilities:		
Accounts payable and accrued liabilities (notes 5)	\$ 204,529	\$ 556,470
Notes payable (notes 3)	12,775	169,847
	217,304	726,317
Shareholders' deficiency		
Share capital (note 4)	28,246,926	27,246,926
Share-based payment reserve (note 4)	5,394,772	5,394,772
Deficit	(33,360,594)	(33,229,046)
	281,104	(587,348)
<b>Total liabilities and shareholders' deficiency</b>	<b>\$ 498,408</b>	<b>\$ 138,969</b>

Nature of operations and going concern (note 1)

Approved on behalf of the Board of Directors:

"Gavin Cooper"

"Martin Bajic"

*See accompanying notes to the interim condensed financial statements*

# ZTR ACQUISITION CORP.

(formerly Oyster Oil and Gas Ltd.)

Condensed Interim Statements of Income (Loss) and Comprehensive Income (Loss)

(Expressed in Canadian dollars - unaudited)

	Three months ended September 30, 2020	Three months ended September 30, 2019	Nine months ended September 30, 2020	Nine months ended September 30, 2019
Operating Expenses:				
Corporate office (note 5)	\$ -	\$ -	\$ -	\$ 195,363
Transfer agent and filing fees	9,306	1,250	24,802	13,813
Professional fees	11,254	1,500	29,979	45,910
Insurance	-	9,550	7,851	13,330
Consulting (note 5)	20,000	41,000	57,500	83,000
General and administrative (note 5)	267	5,587	1,497	9,868
	(40,827)	(58,887)	(121,629)	(361,284)
Other Items:				
Write-off of equipment	-	-	-	(10,196)
Interest and accretion expense	(226)	(3,285)	(7,939)	(62,069)
Gain (loss) on foreign exchange	(2,699)	497	(1,980)	(10,684)
Gain on disposition of exploration assets	-	-	-	279,450
	(2,925)	(2,788)	(9,919)	196,501
Net loss and comprehensive loss	\$ (43,752)	\$ (61,675)	\$ (131,548)	\$ (164,783)
Loss per share – basic and diluted	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.02)
Weighted average number of shares outstanding – basic and diluted	28,754,330	8,754,330	16,783,527	8,754,330

See accompanying notes to the condensed interim financial statements

## ZTR ACQUISITION CORP.

(formerly Oyster Oil and Gas Ltd.)

Condensed Interim Statement of Changes in Shareholders' Equity (Deficiency)

(Expressed in Canadian dollars - unaudited)

	Share capital		Share-based payment reserve	Deficit	Total
	Number of shares	Amount			
Balance at December 31, 2018	8,754,330	\$ 27,246,926	\$ 5,394,772	\$ (33,025,869)	\$ (384,171)
Comprehensive loss:					
Net loss	-	-	-	(164,783)	(164,783)
<b>Balance at September 30, 2019</b>	<b>8,754,330</b>	<b>\$ 27,246,926</b>	<b>\$ 5,394,772</b>	<b>\$ (33,190,652)</b>	<b>\$ (548,954)</b>
Balance at December 31, 2019	8,754,330	\$ 27,246,926	\$ 5,394,772	\$ (33,229,046)	\$ (587,348)
Shares issued for cash	20,000,000	1,000,000	-	-	1,000,000
Comprehensive loss:					
Net loss	-	-	-	(131,548)	(131,548)
<b>Balance at September 30, 2020</b>	<b>28,754,330</b>	<b>\$ 28,246,926</b>	<b>\$ 5,394,772</b>	<b>\$ (33,360,594)</b>	<b>\$ 281,104</b>

*See accompanying notes to the interim condensed financial statements*

## ZTR ACQUISITION CORP.

(formerly Oyster Oil and Gas Ltd.)

Interim Condensed Statements of Cash Flows

(Expressed in Canadian dollars - unaudited)

	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Operating activities		
Net loss	\$ (131,548)	\$ (164,783)
Items not involving cash		
Interest and accretion expense on convertible debt	-	58,784
Foreign Exchange	(942)	-
Gain on disposition of exploration assets	-	(279,450)
Write-off of equipment	-	10,196
Changes in non-cash working capital		
Receivables	4,732	(2,065)
Accounts payable and accrued liabilities	(351,941)	261,475
Net cash used in operating activities	(479,699)	(115,843)
Financing activities		
Proceeds from private placement	1,000,000	-
Proceeds from (repayment of) of notes payable	(157,072)	95,125
Net cash provided by financing activities	842,928	95,125
Increase (decrease) in cash	363,229	(20,718)
Cash, beginning of period	581	24,667
Cash, beginning of period	\$ 363,810	\$ 3,949

# **ZTR ACQUISITION CORP.**

(formerly Oyster Oil and Gas Ltd.)

Interim Condensed Statements of Cash Flows

(Expressed in Canadian dollars - unaudited)

*See accompanying notes to the condensed interim financial statements*

# ZTR ACQUISITION CORP.

(formerly Oyster Oil and Gas Ltd.)

Notes to the Interim Condensed Financial Statements

(Expressed in Canadian - unaudited)

For the Nine Months Ended September 30, 2020

## 1. Nature of Operations and Going Concern

ZTR Acquisition Corp. (formerly Oyster Oil and Gas Ltd.) (the "Company") is currently exploring business opportunities in different markets. The Company's shares are traded on the TSX Venture Exchange (the "Exchange") under the symbol "ZTR". The head office and the registered and records office of the Company are located at Suite 918 – 1030 West Georgia Street, Vancouver, BC, V6E 2Y3.

These 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. During the nine months ended September 30, 2020, the Company incurred a comprehensive loss of \$131,548 and, as of that date, the Company had a working capital of \$151,822. The Company's continuation as a going concern is dependent upon its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with loans from directors and companies controlled by directors and or private placement of common shares. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its consolidated statement of financial position.

## 2. Significant accounting policies

These financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed, and therefore these financial statements should be read in conjunction with the Company's December 31, 2019 audited annual consolidated financial statements and the notes to such financial statements.

These financial statements are based on the IFRS issued and effective as of November 30, 2020, the date these financial statements were authorized for issuance by the Company's Board of Directors, and follow the same accounting policies and methods of computation as the most recent annual financial statements, except for the impact of the changes in accounting policies disclosed below:

### (a) New accounting standard and interpretation

The Company has adopted the following new accounting standard and interpretation:

IFRS 16, *Leases* (effective January 1, 2019) introduced new requirements for the classification and measurement of leases. Under IFRS 16, a lessee no longer classifies leases as operating or financing and records all leases on the condensed statement of financial position, unless the lease term is 12 months or less or the underlying asset has a low value. The Company has applied a modified retrospective transition approach. The Company does not have any leases, and as a result, this standard had no impact on the Company's financial statements on adoption.

IFRIC 23, *Uncertainty over Income Tax Treatments* (effective January 1, 2019) provides guidance when there is uncertainty over income tax treatments including, but not limited to, whether uncertain tax treatments should be considered separately; assumptions made about the examination of tax treatments by tax authorities; the determination of taxable profit, tax bases, unused tax losses, unused tax credits, and tax rates; and, the impact of changes in facts and circumstances. This interpretation did not have an impact on the Company's financial statements.

The Company has not applied the following amendment that has been issued but is not yet effective:

Amendments to IFRS 3, *Business Combinations* (effective January 1, 2020) assist in determining whether a transaction should be accounted for as a business combination or an asset acquisition. It amends the definition of a business to include an input and a substantive process that together significantly contribute to the ability to create goods and services provided to customers, generating investment and other income, and it excludes returns in the form of lower costs and other economic benefits. The Company has not elected to apply this amendment early.

# ZTR ACQUISITION CORP.

(formerly Oyster Oil and Gas Ltd.)

Notes to the Interim Condensed Financial Statements

(Expressed in Canadian - unaudited)

For the Nine Months Ended September 30, 2020

## 3. Notes payable

During the nine months ended September 30, 2020, the Company repaid cumulative notes payable of \$157,072.

## 4. Share Capital

### (a) Authorized

Unlimited class A common shares, without par value.

### (b) Issued

At September 30, 2020, there were 28,754,330 common shares issued and fully paid common shares outstanding (December 31, 2019 – 8,754,330).

On June 12, 2020, the Company completed a 1 new for 5 old consolidation of its common shares. All references to outstanding shares have been adjusted retroactively.

On June 12, 2020, the Company completed a private placement whereby it issued 20,000,000 common shares at \$0.05 for proceeds of \$1,000,000.

### (c) Options

A summary of the status of the Company's stock options outstanding is presented below:

	Number of Options	Weighted average exercise price
Balance, December 31, 2018	440,000	\$ 1.00
Expired	(40,000)	2.10
Balance, December 31, 2019	400,000	0.85
Cancelled	(315,000)	0.80
Balance, September 30, 2020	85,000	1.10
Weighted average remaining contractual life		0.93 Years

As at September 30, 2020, the following options were outstanding:

Expiry date	Options outstanding and exercisable	
	Exercise price	Options
May 20, 2021	\$ 0.70	65,000
August 14, 2022	\$ 2.45	20,000
		85,000

# ZTR ACQUISITION CORP.

(formerly Oyster Oil and Gas Ltd.)

Notes to the Interim Condensed Financial Statements

(Expressed in Canadian - unaudited)

For the Nine Months Ended September 30, 2020

## 5. Related Party Transactions

### (a) Key management compensation

Compensation of key management for the nine months ended September 30, 2020 and 2019 are as follows:

	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Management fees: Included in property investigation, corporate office and general and administrative expense	\$ -	\$ -	\$ -	\$ 21,417
Consulting fees	5,000	-	12,500	-

### (b) Related party balances

Included in accounts payables is \$13,125 (December 31, 2019 - \$8,285) owing to members of the Company's key management and directors. These amounts are unsecured, non-interest bearing and has no fixed terms of repayment.

## 6. Business Combination

On September 28, 2020, the Company signed a definitive agreement with Federal Gold Corp. ("Federal") to acquire all the issued and outstanding shares of Federal. The Company anticipates issuing 35,187,000 common shares (the "Consideration Shares") to complete the acquisition of all of the currently outstanding securities of Federal. Certain of the Consideration Shares will be subject to escrow pursuant to the policies of the TSX Venture Exchange, in addition to pooling restrictions that may be negotiated by the parties. In connection with completion of the Business Combination, it is anticipated that ZTR will change its name to "Angold Resources Ltd." and will change its ticker symbol to "AAU". As of the date of these financial statements, the transaction has not yet closed.

**APPENDIX B**  
**FINANCIAL STATEMENTS OF FEDERAL GOLD**

Please see attached.

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**FEDERAL GOLD CORP.**

(formerly Vanadium North Resources Inc.)

Financial Statements

April 30, 2020

(Expressed in Canadian Dollars)

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DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Directors of Federal Gold Corp.

### Opinion

We have audited the financial statements of Federal Gold Corp. (formerly Vanadium North Resources Inc.) (the "Company"), which comprise the statements of financial position as at April 30, 2020 and 2019 and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year ended April 30, 2020 and the period from inception on July 25, 2018 to April 30, 2019, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2020 and 2019, and its financial performance and its cash flows for the year ended April 30, 2020 and the period from inception on July 25, 2018 to April 30, 2019 in accordance with International Financial Reporting Standards.

### Basis for Opinion

We conducted our audit 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 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 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 is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter

We draw attention to Note 1 to the financial statements, which describes events or conditions that indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

*DMC*

**DALE MATHESON CARR-HILTON LABONTE LLP**  
**CHARTERED PROFESSIONAL ACCOUNTANTS**  
Vancouver, BC

October 7, 2020

**FEDERAL GOLD CORP.**

(formerly Vanadium North Resources Inc.)

Statements of Financial Position

(Expressed in Canadian dollars)

	April 30, 2020	April 30, 2019
	\$	\$
Assets		
Current assets		
Cash	50,514	267,749
GST recoverable (Note 3)	23,268	4,610
Prepaid expenses	-	36,825
Total current assets	73,782	309,184
Non-current assets		
Exploration and evaluation asset (Note 4)	158,750	254,331
Total assets	232,532	563,515
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable (Note 9)	94,253	152,668
Accrued liabilities	35,000	60,000
Loan payable (Note 5 and 6)	-	150,000
Total liabilities	129,253	362,668
Shareholders' equity		
Share capital (Note 8)	372,912	372,912
Deficit	(269,633)	(172,065)
Total shareholders' equity	103,279	200,847
Total liabilities and shareholders' equity	232,532	563,515

Nature of and continuance of operations (Note 1)

Subsequent Events (Note 13)

Approved on behalf of the Board on October 7, 2020:

"Galen McNamara"

Galen McNamara, President

*The accompanying notes are an integral part of these financial statements*

**FEDERAL GOLD CORP.**

(formerly Vanadium North Resources Inc.)

Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

	Year ended April 30, 2020	Period from inception (July 25, 2018) to April 30, 2019
	\$	\$
Expenses		
Consulting fees (Note 9)	25,000	197,724
General and administrative	36,018	23,376
Professional fees	84,255	43,715
	(145,273)	(264,815)
Other items:		
Impairment of exploration and evaluation property (Note 4)	(352,295)	-
Gain on debt settlement (Note 5)	150,000	-
Settlement (Note 6)	250,000	-
Reversal of flow-through share liability (Note 12)	-	92,750
Net and comprehensive loss for the period	(97,568)	(172,065)
Basic and diluted loss per share (Note 13)	(0.02)	(0.06)
Weighted average number of shares outstanding – basic and diluted (Note 13)	5,000,000	2,932,045

*The accompanying notes are an integral part of these financial statements*

**FEDERAL GOLD CORP.**

(formerly Vanadium North Resources Inc.)

Statements of Changes in Shareholders' Equity

(Expressed in Canadian dollars)

	Share Capital			Total shareholders' equity
	Number	Amount	Deficit	
		\$	\$	\$
Balance, July 25, 2018 (Inception)	-	-	-	-
Shares issued for cash, net (Note 8)	13,000,001	465,662	-	465,662
Flow through share premium (Note 12)	-	(92,750)	-	(92,750)
Net and comprehensive loss	-	-	(172,065)	(172,065)
Balance, April 30, 2019	13,000,001	372,912	(172,065)	200,847
Net and comprehensive loss	-	-	(97,568)	(97,568)
Balance, April 30, 2020	13,000,001	372,912	(269,633)	103,279

*The accompanying notes are an integral part of these financial statements*

**FEDERAL GOLD CORP.**

(formerly Vanadium North Resources Inc.)

Statements of Cash Flows

(Expressed in Canadian dollars)

	Year Ended April 30, 2020	Period from inception (July 25, 2018) to April 30, 2019
	\$	\$
Cash provided by (used in):		
Operating activities		
Net loss	(97,568)	(172,065)
Adjustment for non-cash item		
Write-down of exploration and evaluation property	352,295	-
Reversal of flow through shares liability	-	(92,750)
Gain on debt settlement	(150,000)	-
Changes in non-cash working capital items:		
Commodity tax recoverable	(18,658)	(4,610)
Prepaid expenses	36,825	(36,825)
Accounts payable	(58,415)	152,668
Accrued liabilities	(25,000)	60,000
Net cash (used in) provided by operating activities	39,479	(93,582)
Financing activities		
Proceeds from issuance of shares – net of issuance cost	-	465,662
Proceeds from loan payable	-	150,000
Proceeds from promissory notes	-	130,000
Repayments of promissory notes	-	(130,000)
Loan from promissory note receivable	(75,000)	-
Proceeds received from repayment of promissory note	75,000	-
Net cash provided by financing activities	-	615,662
Investing activity		
Acquisition of exploration and evaluation asset	(256,714)	(254,331)
Net cash used by investing activity	(256,714)	(254,331)
Increase (decrease) in cash	(217,235)	267,749
Cash, beginning	267,749	-
Cash, ending	50,514	267,749

*The accompanying notes are an integral part of these financial statements*

## **FEDERAL GOLD CORP.**

(formerly Vanadium North Resources Inc.)

Notes to the Financial Statements

Year ended April 30, 2020

(Expressed in Canadian dollars)

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### **1. Nature and continuance of operations**

Federal Gold Corp. (formerly Vanadium North Resources Inc.) (the “Company”) was incorporated in the province of British Columbia on July 25, 2018. The Company is engaged in the exploration and evaluation of resource properties. The Company’s registered office is #900 - 1021 West Hastings Street, Vancouver, British Columbia, V6E 0C3.

These 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 April 30, 2020, the Company has not generated any revenue and has incurred losses since inception. The Company’s continuation as a going concern is dependent on its ability to generate future cash flows and/or obtain additional financing. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand, loans from directors and companies controlled by directors and/or private placements of common stock. There is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The impact on the Company is not currently determinable but management continues to monitor the situation.

### **2. Significant accounting policies**

#### **(a) Basis of preparation**

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The financial statements have been prepared on an accrual basis and are based on historical costs modified where applicable. The financial statements are presented in Canadian dollars.

#### **(b) Use of estimates and assumptions**

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company’s management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include:

- The determination that the Company will continue as a going concern for the next year; and
- The recoverability of the carrying value of exploration and evaluation assets.

## **FEDERAL GOLD CORP.**

(formerly Vanadium North Resources Inc.)

Notes to the Financial Statements

Year ended April 30, 2020

(Expressed in Canadian dollars)

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### **2. Significant accounting policies (continued)**

(c) Cash

Cash includes cash on hand deposits held at call with banks.

(d) Restoration, rehabilitation, 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 other assets.

The increase in the restoration provision due to the passage of time is recognized as interest expense.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to the statement of comprehensive loss in the period incurred.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

(e) Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

## FEDERAL GOLD CORP.

(formerly Vanadium North Resources Inc.)

Notes to the Financial Statements

Year ended April 30, 2020

(Expressed in Canadian dollars)

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### 2. Significant accounting policies (continued)

#### (f) Farm outs

The Company does not record any expenditure made by the farmee on its account. It also does not recognize any gain or loss on its exploration and evaluation farm out arrangements but reallocates any costs previously capitalized in relation to the whole interest as relating to the partial interest retained and any consideration received directly from the farmee is credited against costs previously capitalized. If the consideration exceeds amounts previously capitalized, any excess is recorded in the statement of comprehensive loss.

#### (g) 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. Current income 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.

##### *Deferred income tax*

Deferred income tax is provided using the asset and liability sheet method 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.

#### (h) Flow-through shares

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. On issuance, any premium recorded on the flow-through share, being the difference in price over a common share with no tax attributes, is recognized as a liability. As expenditures are incurred, the deferred income tax liability associated with the renounced tax deductions is recognized through profit or loss with a pro-rata portion of the deferred premium.

## **FEDERAL GOLD CORP.**

(formerly Vanadium North Resources Inc.)

Notes to the Financial Statements

Year ended April 30, 2020

(Expressed in Canadian dollars)

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### **2. Significant accounting policies (continued)**

#### (i) Financial instruments

##### (i) Classification

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

##### (ii) Measurement

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

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

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

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss and comprehensive loss in the period in which they arise.

###### Debt investments at FVTOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

###### Equity investments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

## **FEDERAL GOLD CORP.**

(formerly Vanadium North Resources Inc.)

Notes to the Financial Statements

Year ended April 30, 2020

(Expressed in Canadian dollars)

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### **2. Significant accounting policies (continued)**

#### (iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

#### (iv) Derecognition

##### Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

##### Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. Gains and losses on derecognition are recognized in profit or loss.

#### (j) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity, net of any tax effects.

#### (k) Loss per share

Basic loss per share is calculated by dividing net loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the reporting period. Diluted loss per share is determined by adjusting the net loss attributable to common shares and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares.

## **FEDERAL GOLD CORP.**

(formerly Vanadium North Resources Inc.)

Notes to the Financial Statements

Year ended April 30, 2020

(Expressed in Canadian dollars)

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### **2. Significant accounting policies (continued)**

#### (l) Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instrument 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 credited to the share-based payment reserve. The fair value of options is determined using the Black-Scholes Option Pricing Model. 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.

#### (m) Leases

Effective May 1, 2019, the Company adopted IFRS 16, Leases. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by the lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease. The adoption of IFRS 16 had no impact on the financial statements as the Company had no leases as at May 1, 2019 and April 30, 2020.

#### (n) Accounting standards issued but not yet effective

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

### **3. GST recoverable**

Amount consist of GST receivable totaling \$23,268 (2019: \$4,610).

### **4. Exploration and evaluation asset**

#### *Vanadium Property*

On July 31, 2018, the Company entered into an Option to Purchase Agreement whereby it acquired an option to acquire a 100% interest, subject to a net smelter royalty of 2%, in seven claims in the Northwest Territories. The net smelter royalty may be reduced to 1% with a \$1,000,000 payment.

In order to exercise the option, the Company must deliver to the vendor shares representing 19.9% of the issued and outstanding shares at the conclusion of a go-public transaction, incur \$90,000 of expenditures prior to November 1, 2018 (incurred) and maintain all mining claims in good standing until December 31, 2019 by completing assessment filings or make cash-in-lieu payments with the Northwest Territories Mining Recorder on or before December 15, 2018 (completed).

On February 8, 2019, the Company entered into a share purchase agreement with Regency Gold Corp. ("Regency"), whereby Regency will acquire 100% of the common shares of the Company in exchange for 13,995,985 common shares of Regency. In the same agreement, the Optioner of the property agreed to receive 7,500,000 common shares of Regency to satisfy the obligations to issue 19.9% of the issued and outstanding shares (Notes 5 and 6).

**FEDERAL GOLD CORP.**

(formerly Vanadium North Resources Inc.)

Notes to the Financial Statements

Year ended April 30, 2020

(Expressed in Canadian dollars)

**4. Exploration and evaluation asset (continued)***Vanadium Property (continued)*

During the year-ended April 30, 2020, the Company determined that it would not be proceeding with the exploration of the Vanadium property and consequently, recorded an impairment in the amount of \$352,295.

	Year Ended April 30, 2020	Period from inception to April 30, 2019
	\$	\$
Acquisition		
Balance, beginning	79,820	-
Staking	-	79,820
Write-down	(79,820)	-
Balance, ending	-	79,820
Exploration and Evaluation Cost		
Balance, beginning	174,511	-
Exploration costs	97,964	164,511
Technical report	-	10,000
Write-down	(272,475)	-
Balance, ending	-	174,511
Total	-	254,331

*Uchi Property*

During the year-ended April 30, 2020, the Company staked 260 claims in Ontario, Canada.

	Year Ended April 30, 2020
	\$
Acquisition	
Balance, beginning	-
Staking	13,000
Balance, ending	13,000
Exploration and Evaluation Cost	
Balance, beginning	-
Geophysical survey	132,250
Consulting fees	13,500
Balance, ending	145,750
Total	158,750

## FEDERAL GOLD CORP.

(formerly Vanadium North Resources Inc.)

Notes to the Financial Statements

Year ended April 30, 2020

(Expressed in Canadian dollars)

### 5. Loan Payable

On March 26, 2019, the Company received \$150,000 through a promissory note payable with 0% interest rate. The promissory note payable is for working capital purposes and mineral exploration and shall be cancelled upon the completion of the definitive purchase agreement with Regency. Should the definitive purchase agreement with Regency not proceed, the loan will be repaid through the issuance of 1,000,000 common shares of the Company within 30 days of the cancellation of the definitive purchase agreement.

As part of a settlement with Regency, the loan payable was forgiven and a gain on debt settlement in the amount of \$150,000 was recognized in the statements of loss and comprehensive loss (Note 6).

### 6. Settlement

On June 24, 2019, the Company filed a notice of civil claim whereby the Company was the plaintiff and Regency was the defendant. On November 1, 2019, the claim was settled through a mutual release and settlement agreement whereby the Company received \$250,000 and the loan payable of \$150,000 was forgiven (Note 5).

### 7. Income taxes

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	Year ended April 30, 2020	Period from inception (July 25, 2018) to April 30, 2019
	\$	\$
Net loss before income taxes	(97,568)	(172,065)
Statutory tax rate	27.0%	27.0%
Expected income tax recovery at the statutory tax rate	(26,000)	(46,457)
Reversal of flow-through liability	-	25,043
Permanent differences	(52,779)	(75,129)
Change in valuation allowance	78,779	96,543
Income tax recovery	-	-

Details of deferred tax assets and liabilities are as follows:

	April 30, 2020	April 30, 2019
	\$	\$
Loss carry-forwards	5,075	21,415
Exploration and evaluation asset	170,247	75,128
	175,322	96,543
Valuation allowance	(175,322)	(96,543)
	-	-

The Company's tax pool includes non-capital loss of approximately \$18,800 that will expire by 2039.

## **FEDERAL GOLD CORP.**

(formerly Vanadium North Resources Inc.)

Notes to the Financial Statements

Year ended April 30, 2020

(Expressed in Canadian dollars)

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### **8. Share capital**

#### *Authorized share capital:*

Unlimited common shares without par value.

#### *Issued and outstanding:*

At April 30, 2019 and 2020, there were 13,000,001 common shares issued and outstanding.

On incorporation on July 25, 2018, the Company issued 1 share for proceeds of \$0.01.

On July 25, 2018, the Company issued 6,000,000 common shares at \$0.005 for gross proceeds of \$30,000.

On November 1, 2018, the Company issued 3,290,000 common shares at \$0.05 for gross proceeds of \$164,500.

On December 10, 2018, the Company issued 2,860,000 flow through shares at \$0.075 for gross proceeds of \$214,500.

On December 18, 2018, the Company issued 850,000 flow through shares at \$0.075 for gross proceeds of \$63,750. In relation to this private placement the Company incurred \$7,088 share issuance costs in cash.

### **9. Related party transactions**

The Company's key management comprises of its officers and directors. During the year ended April 30, 2020 the Company incurred \$Nil (2019: \$10,000) for capitalized geological consulting services and \$10,000 (2019: \$40,000) for consulting services to a company controlled by an officer and director. During the year ended April 30, 2020, the Company incurred \$Nil (2019: \$49,524) for consulting services from a former director.

Accounts payable as at April 30, 2020 include \$21,024 (2019: \$36,940) payable to a company controlled by an officer and director.

### **10. Financial instruments and risks**

#### (a) Fair values

The fair values of cash and accounts payable, approximate their carrying values due to the short-term to maturities of these financial instruments.

#### (b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk.

## **FEDERAL GOLD CORP.**

(formerly Vanadium North Resources Inc.)

Notes to the Financial Statements

Year ended April 30, 2020

(Expressed in Canadian dollars)

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### **10. Financial instruments and risks (continued)**

(c) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is in its cash. The risk in cash is managed through the use of a major financial institution which has a high credit quality as determined by rating agencies. Credit risk is assessed as low.

(d) Foreign exchange rate risk

Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a result of movements in foreign exchange rates. The Company has no assets or liabilities denominated in foreign currencies; therefore, is not exposed to foreign exchange risk.

(e) 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 requires funds to finance its business development activities. In addition, the Company needs to raise equity financing to carry out its exploration programs. There is no assurance that financing will be available or, if available, that such financings will be on terms acceptable to the Company. Liquidity risk is assessed as high.

(f) Price risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

### **11. Capital management**

The Company's capital structure consists of cash and share capital. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support acquisition and exploration of resource properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company is dependent on external financing to fund its activities. In order to carry out exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new exploration and evaluation assets and seek to acquire interests in properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management since inception. The Company is not subject to externally imposed capital requirements.

## FEDERAL GOLD CORP.

(formerly Vanadium North Resources Inc.)

Notes to the Financial Statements

Year ended April 30, 2020

(Expressed in Canadian dollars)

### 12. Flow-through share liability

For the purposes of calculation any premium related to the issuances of the flow-through units, the Company compares the market price of its shares to the subscription price of flow-through shares to determine if there was a premium paid on the flow-through shares. As a result, the Company's flow-through liability on issuance of flow-through shares in connection with the private placements (Note 8) is as follows:

	April 30, 2020	April 30, 2019
	\$	\$
Balance, inception	-	-
Addition	-	92,750
Reversal	-	(92,750)
Balance, end of the year	-	-

As at April 30, 2019, the Company incurred sufficient expenditures and has no further commitment to spending in connection with its flow-through offerings. The liability was reversed upon the renunciation of the qualifying expenditures incurred relating to the flow-through financing totaling \$278,250.

### 13. Subsequent events

On July 1, 2020, the Company completed a consolidation of its common shares on a 1 new for 2.6 old basis. The result of the consolidation is that the Company has 5,000,000 common shares issued and outstanding as at July 1, 2020. The loss per share and weighted average number of shares presented in the statement of loss and comprehensive loss reflect this consolidation.

On July 7, 2020, the Company issued 13,975,000 common shares at \$0.01 per common share for proceeds of \$139,750.

On July 25, 2020, the Company entered into a property option agreement whereby the Company has the option to acquire a 100% interest in the Iron Butte Property (subject to a net smelter royalty). To earn the option, the Company must pay USD\$1,320,000 and issue common shares worth USD \$252,750 over 6 years. In addition, within 180 days of the effective date the Company is required to complete a public listing and upon the listing issue 187,500 common shares.

On August 7, 2020, the Company issued 11,025,000 common shares at \$0.05 per common share for proceeds of \$551,250.

On August 9, 2020, the Company acquired 100% of the issued and outstanding shares of TY & Sons Explorations (Chile) Inc. in exchange for USD \$210,000. TY & Sons Explorations (Chile) Inc. owns two groups of concessions in Chile including the Nevada and Lajitas and Dorado claims.

On August 18, 2020, the Company issued 4,000,000 common shares at \$0.20 per common share for proceeds of \$800,000.

On August 18, 2020, the Company issued 1,000,000 flow-through common shares at \$0.20 per common share for proceeds of \$200,000.

**FEDERAL GOLD CORP.**

(formerly Vanadium North Resources Inc.)

Notes to the Financial Statements

Year ended April 30, 2020

(Expressed in Canadian dollars)

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**13. Subsequent events (continued)**

On September 28, 2020, the Company signed a definitive agreement with ZTR Acquisition Corp (“ZTR”), whereby the Company will amalgamate with a wholly-owned subsidiary of the ZTR (the “Business Combination”), following which the resulting amalgamated entity will continue as a wholly-owned subsidiary of the ZTR. In consideration for completion of the Business Combination, all common shareholders of the Company will be entitled to receive one (1) common share of the ZTR in exchange for every one (1) common share of the Company that they hold. ZTR anticipates issuing 35,187,000 common shares (the “Consideration Shares”) to complete the acquisition of all of the currently outstanding securities of the Company. Certain of the Consideration Shares will be subject to escrow pursuant to the policies of the TSX Venture Exchange, in addition to pooling restrictions that may be negotiated by the parties. In connection with completion of the Business Combination, it is anticipated that ZTR will change its name to “Angold Resources Ltd.” and will change its ticker symbol to “AAU”.

On September 30, 2020, the Company issued 20,000,000 subscription receipts for \$8,000,000. Each subscription receipt will convert to one common share of ZTR, subject to the approval of the TSX Venture Exchange, upon the completion of an amalgamation agreement.

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**FEDERAL GOLD CORP.**

(formerly Vanadium North Resources Inc.)

Interim Financial Statements

July 31, 2020

(Expressed in Canadian Dollars - unaudited)

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**FEDERAL GOLD CORP.**

(formerly Vanadium North Resources Inc.)  
Interim Statements of Financial Position  
(Expressed in Canadian dollars - unaudited)

	July 31, 2020	April 30, 2020
	\$	\$
Assets		
Current assets		
Cash	47,748	50,514
GST recoverable (Note 3)	24,018	23,268
Amounts receivable (Note 5)	139,750	-
Total current assets	210,766	73,782
Non-current assets		
Exploration and evaluation asset (Note 4)	163,960	158,750
Total assets	375,476	232,532
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable	101,836	94,253
Accrued liabilities	50,750	35,000
Total liabilities	152,586	129,253
Shareholders' equity		
Share capital (Note 5)	512,662	372,912
Deficit	(289,772)	(269,633)
Total shareholders' equity	222,890	103,279
Total liabilities and shareholders' equity	375,476	232,532

Nature of and continuance of operations (Note 1)  
Subsequent events (Note 8)

Approved on behalf of the Board on October 28, 2020:

"Galen McNamara"

Galen McNamara, President

*The accompanying notes are an integral part of these interim unaudited financial statements*

**FEDERAL GOLD CORP.**

(formerly Vanadium North Resources Inc.)

Interim Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars - unaudited)

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	Three months ended July 31, 2020	Three months ended July 31, 2019
	\$	\$
Expenses		
Consulting fees (Note 6)	-	20,000
General and administrative	5,139	23,691
Professional fees	15,000	13,003
Net and comprehensive loss for the period	(20,139)	(56,694)
Basic and diluted loss per share	(0.00)	(0.01)
Weighted average number of shares outstanding – basic and diluted (Note 5)	8,645,652	5,000,000

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*The accompanying notes are an integral part of these interim unaudited financial statements*

**FEDERAL GOLD CORP.**

(formerly Vanadium North Resources Inc.)

Interim Statements of Changes in Shareholders' Equity

(Expressed in Canadian dollars - unaudited)

	Share Capital			Total shareholders' equity
	Number	Amount	Deficit	
		\$	\$	\$
Balance, April 30, 2019	5,000,000	372,912	(172,065)	200,847
Net and comprehensive loss	-	-	(56,694)	(56,694)
Balance, July 31, 2019	5,000,000	372,912	(228,759)	144,154
Balance, April 30, 2020	5,000,000	372,912	(269,633)	103,279
Shares issued on private placement (Note 5)	13,975,000	139,750	-	139,750
Net and comprehensive loss	-	-	(20,139)	(20,139)
Balance, July 31, 2020	18,975,000	512,662	(289,772)	222,890

*The accompanying notes are an integral part of these interim unaudited financial statements*

**FEDERAL GOLD CORP.**

(formerly Vanadium North Resources Inc.)  
Interim Statements of Cash Flows  
(Expressed in Canadian dollars – unaudited)

	Three months ended July 31, 2020	Three months ended July 31, 2019
	\$	\$
Cash provided by (used in):		
Operating activities		
Net loss	(20,139)	(56,694)
Changes in non-cash working capital items:		
GST recoverable	(750)	(718)
Accounts payable and accrued liabilities	23,333	61,360
Net cash provided by operating activities	2,444	3,948
Investing activity		
Exploration and evaluation asset	(5,210)	(74,306)
Net cash used in investing activity	(5,210)	(74,306)
Decrease in cash	(2,766)	(70,358)
Cash, beginning	50,514	267,749
Cash, ending	47,748	197,391

*The accompanying notes are an integral part of these interim unaudited financial statements*

## **FEDERAL GOLD CORP.**

(formerly Vanadium North Resources Inc.)

Notes to the Interim Financial Statements

Three months ended July 31, 2020

(Expressed in Canadian dollars - unaudited)

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### **1. Nature and continuance of operations**

Federal Gold Corp. (formerly Vanadium North Resources Inc.) (the “Company”) was incorporated in the province of British Columbia on July 25, 2018. The Company is engaged in the exploration and evaluation of resource properties. The Company’s registered office is #900 - 1021 West Hastings Street, Vancouver, British Columbia, V6E 0C3.

These 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 July 31, 2020, the Company has not generated any revenue and has incurred losses since inception. The Company’s continuation as a going concern is dependent on its ability to generate future cash flows and/or obtain additional financing. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand, loans from directors and companies controlled by directors and/or private placements of common stock. There is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

### **2. Significant accounting policies**

These interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) have been omitted or condensed, and therefore these condensed consolidated interim financial statements should be read in conjunction with the Company’s April 30, 2020 audited annual financial statements and the notes to such financial statements.

These interim financial statements are based on the IFRS issued and effective as of October 28, 2020, the date these financial statements were authorized for issuance by the Company’s Board of Directors, and follow the same accounting policies and methods of computation as the most recent annual financial statements, except for the impact of the changes in accounting policies disclosed below:

#### **a) Accounting standards issued but not yet effective**

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company’s financial statements.

**FEDERAL GOLD CORP.**

(formerly Vanadium North Resources Inc.)

Notes to the Interim Financial Statements

Three months ended July 31, 2020

(Expressed in Canadian dollars - unaudited)

**3. GST recoverable**

Amount consist of GST receivable in the amount of \$24,018 (April 30, 2020: \$23,268).

**4. Exploration and evaluation asset***Vanadium Property*

During the year-ended April 30, 2020, the Company determined that it would not be proceeding with the exploration of the Vanadium property and consequently, recorded an impairment in the amount of \$352,295.

	Vanadium Property
	\$
Acquisition	
Balance, April 30, 2019	79,820
Staking	-
Write-down	(79,820)
Balance, April 30, 2020, and July 31, 2020	-
Exploration and Evaluation Cost	
Balance, April 30, 2019	174,511
Exploration costs	97,964
Technical report	-
Write-down	(272,475)
Balance, April 30, 2020, and July 31, 2020	-
Total, April 30, and July 31, 2020	-

**FEDERAL GOLD CORP.**

(formerly Vanadium North Resources Inc.)

Notes to the Interim Financial Statements

Three months ended July 31, 2020

(Expressed in Canadian dollars - unaudited)

**4. Exploration and evaluation asset (continued)***Uchi Property*

During the year-ended April 30, 2020, the Company staked 260 claims in Ontario, Canada.

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	Uchi Property
	\$
Acquisition	
Balance, April 30, 2019	-
Staking	13,000
Balance, April 30, 2020 and July 31, 2020	13,000
Exploration and Evaluation Cost	
Balance, April 30, 2019	-
Geophysical survey	132,250
Consulting fees	13,500
Balance, April 30, 2020 and July 31, 2020	145,750
Total, April 30, and July 31, 2020	158,750

*Iron Butte Property*

On July 25, 2020, the Company entered into a property option agreement whereby the Company has the option to acquire a 100% interest in the Iron Butte Property (subject to a net smelter royalty). To earn the option, the Company must pay USD\$1,320,000 (US\$20,000 paid subsequently) and issue common shares worth USD\$252,750 over 6 years. In addition, within 180 days of the effective date of July 25, 2020 the Company is required to complete a public listing and upon the listing issue 187,500 common shares.

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	Iron Butte Property
Exploration and Evaluation Cost	\$
Balance, April 30, 2020	-
Geological Consulting	5,210
Total, July 31, 2020	5,210

## **FEDERAL GOLD CORP.**

(formerly Vanadium North Resources Inc.)

Notes to the Interim Financial Statements

Three months ended July 31, 2020

(Expressed in Canadian dollars - unaudited)

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### **5. Share capital**

*Authorized share capital:*

Unlimited common shares without par value.

*Issued and outstanding:*

On July 1, 2020, the Company completed a consolidation of its common shares on a 1 new for 2.6 old basis. The result of the consolidation is that the Company has 5,000,000 common shares issued and outstanding as at July 1, 2020. All references to issued and outstanding common shares have been updated to reflect this consolidation.

On July 7, 2020, the Company issued 13,975,000 common shares at \$0.01 per common share for proceeds of \$139,750. As at July 31, 2020 the funds were not yet received and as such were a receivable as at July 31, 2020. All funds were received subsequent to July 31, 2020.

At July 31, 2020 there were 18,975,000 common shares issued and outstanding (April 30, 2020 – 5,000,000).

### **6. Related party transactions**

The Company's key management comprise its officers and directors. During the three months ended July 31, 2020 the Company incurred \$Nil (2020: \$10,000) for consulting services to a company controlled by an officer and director.

Accounts payable as at July 31, 2020 include \$21,024 (April 30, 2020: \$21,024) payable to a company controlled by an officer and director. This amount bears no interest, is unsecured and due on demand.

### **7. Financial instruments and risks**

#### **(a) Fair values**

The fair values of cash and accounts payable, approximate their carrying values due to the short-term to maturities of these financial instruments.

#### **(b) Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk.

#### **(c) Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is in its cash. The risk in cash is managed through the use of a major financial institution which has a high credit quality as determined by rating agencies. Credit risk is assessed as low.

## **FEDERAL GOLD CORP.**

(formerly Vanadium North Resources Inc.)

Notes to the Interim Financial Statements

Three months ended July 31, 2020

(Expressed in Canadian dollars - unaudited)

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### **7. Financial instruments and risks (continued)**

#### (d) Foreign exchange rate risk

Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a result of movements in foreign exchange rates. The Company has no assets or liabilities denominated in foreign currencies; therefore, is not exposed to foreign exchange risk.

#### (e) 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 requires funds to finance its business development activities. In addition, the Company needs to raise equity financing to carry out its exploration programs. There is no assurance that financing will be available or, if available, that such financings will be on terms acceptable to the Company. Liquidity risk is assessed as high.

#### (f) Price risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

### **8. Subsequent events**

On August 7, 2020, the Company issued 11,025,000 common shares at \$0.05 per common share for proceeds of \$551,250.

On August 9, 2020, the Company acquired 100% of the issued and outstanding shares of TY & Sons Explorations (Chile) Inc. in exchange for USD \$210,000. TY & Sons Explorations (Chile) Inc. owns two groups of concessions in Chile including the Nevada and Lajitas and Dorado claims.

On August 18, 2020, the Company issued 4,000,000 common shares at \$0.20 per common share for proceeds of \$800,000.

On August 18, 2020, the Company issued 1,000,000 flow-through common shares at \$0.20 per common share for proceeds of \$200,000.

On September 28, 2020, the Company signed a definitive agreement with ZTR Acquisition Corp ("ZTR"), whereby the Company will amalgamate with a wholly-owned subsidiary of the ZTR (the "Business Combination"), following which the resulting amalgamated entity will continue as a wholly-owned subsidiary of the ZTR. In consideration for completion of the Business Combination, all common shareholders of the Company will be entitled to receive one (1) common share of the ZTR in exchange for every one (1) common share of the Company that they hold. ZTR anticipates issuing 35,187,000 common shares (the "Consideration Shares") to complete the acquisition of all of the currently outstanding securities of the Company. Certain of the Consideration Shares will be subject to escrow pursuant to the policies of the TSX Venture Exchange, in addition to pooling restrictions that may be negotiated by the parties. In connection with completion of the Business Combination, it is anticipated that ZTR will change its name to "Angold Resources Ltd." and will change its ticker symbol to "AAU".

**FEDERAL GOLD CORP.**

(formerly Vanadium North Resources Inc.)

Notes to the Interim Financial Statements

Three months ended July 31, 2020

(Expressed in Canadian dollars - unaudited)

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**8. Subsequent events (continued)**

On September 30, 2020, the Company issued 20,000,000 subscription receipts for \$8,000,000. Each subscription receipt will convert to one common share of ZTR, subject to the approval of the TSX Venture Exchange, upon the completion of an amalgamation agreement.

**APPENDIX C**  
**FINANCIAL STATEMENTS OF TY & SONS**

Please see attached.

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**TY & SONS EXPLORATIONS (CHILE) INC.**

Consolidated Financial Statements

August 31, 2020

(Expressed in Canadian Dollars)

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DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the directors of TY & Sons Explorations (Chile) Inc.:

### Opinion

We have audited the consolidated financial statements of TY & Sons Explorations (Chile) Inc. (the "Company"), which comprise the consolidated statements of financial position as at August 31, 2020 and 2019, and the consolidated statements of loss and comprehensive loss, changes in shareholders' deficit and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

### Basis for Opinion

We conducted our audit 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 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 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 is sufficient and appropriate to provide a basis for our opinion.

### Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial statements, which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

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.

*DMC*

**DALE MATHESON CARR-HILTON LABONTE LLP**  
**CHARTERED PROFESSIONAL ACCOUNTANTS**  
Vancouver, BC

December 9, 2020

**TY & SONS EXPLORATIONS (CHILE) INC.**

Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

	August 31, 2020	August 31, 2019
	\$	\$
Assets		
Exploration and evaluation assets (Note 3)	60,121	44,301
<b>Total assets</b>	<b>60,121</b>	<b>44,301</b>
Liabilities and shareholders' deficit		
Current liabilities		
Accrued liabilities	5,000	-
Due to shareholder (Note 4)	91,797	72,183
<b>Total liabilities</b>	<b>96,797</b>	<b>72,183</b>
Shareholders' deficit		
Share capital (Note 6)	20	20
Deficit	(36,696)	(27,902)
<b>Total shareholders' deficit</b>	<b>(36,676)</b>	<b>(27,882)</b>
<b>Total liabilities and shareholders' deficit</b>	<b>60,121</b>	<b>44,301</b>

Nature of and continuance of operations (Note 1)

Approved on behalf of the Board on December 9, 2020:

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*The accompanying notes are an integral part of these consolidated financial statements*

**TY & SONS EXPLORATIONS (CHILE) INC.**Consolidated Statements of Loss and Comprehensive Loss  
(Expressed in Canadian dollars)

	Year ended August 31, 2020	Year ended August 31, 2019
	\$	\$
Expenses		
Professional fees	8,514	9,423
Foreign exchange (gain) loss	280	(42)
	(8,794)	(9,381)
Net and comprehensive loss for the year	(8,794)	(9,381)
Basic and diluted loss per share	(43.97)	(46.91)
Weighted average number of shares outstanding – basic and diluted	200	200

*The accompanying notes are an integral part of these consolidated financial statements*

**TY & SONS EXPLORATIONS (CHILE) INC.**

Consolidated Statements of Changes in Shareholders' Deficit  
(Expressed in Canadian dollars)

	Share Capital		Deficit	Total shareholders' equity
	Number	Amount		
Balance, August 31, 2018	200	\$ 20	\$ (18,521)	\$ (18,501)
Net and comprehensive loss	-	-	(9,381)	(9,381)
Balance, August 31, 2019	200	20	(27,902)	(27,882)
Net and comprehensive loss	-	-	(8,794)	(8,794)
Balance, August 31, 2020	200	20	(36,696)	(36,676)

*The accompanying notes are an integral part of these consolidated financial statements*

**TY & SONS EXPLORATIONS (CHILE) INC.**

Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

	Year ended August 31, 2020	Year ended August 31, 2019
	\$	\$
Cash provided by (used in):		
Operating activities		
Net loss	(8,794)	(9,381)
Changes in non-cash working capital items:		
Accrued liabilities	5,000	(6,440)
Due to shareholder	19,614	(10,780)
Net cash provided by (used) in operating activities	15,820	(26,601)
Investing activity		
Exploration and evaluation assets, net of recovery	(15,820)	26,601
Net cash provided by (used in) investing activity	(15,820)	26,601
Increase (decrease) in cash	-	-
Cash, beginning	-	-
Cash, ending	-	-
<b>Supplemental cash flow information:</b>		
Interest paid	-	-
Taxes paid	-	-
Exploration and evaluation costs included in due to shareholder	15,820	-

*The accompanying notes are an integral part of these consolidated financial statements*

# **TY & SONS EXPLORATIONS (CHILE) INC.**

Notes to the Consolidated Financial Statements

Year ended August 31, 2020

(Expressed in Canadian dollars)

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## **1. Nature and continuance of operations**

TY & Sons Explorations (Chile) Inc. (the “Company”) was incorporated in the province of British Columbia on April 21, 2016. The Company is engaged in the exploration and evaluation of resource properties. The Company’s registered office is Suite 409 – 221 West Esplanade Street, North Vancouver, British Columbia, V7M 3J3.

These 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 August 31, 2020, the Company has not generated any revenue and has incurred losses since inception. The Company’s continuation as a going concern is dependent on its ability to generate future cash flows and/or obtain additional financing. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with loans from directors and companies controlled by directors and/or private placements of common stock. There is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The impact on the Company is not currently determinable but management continues to monitor the situation.

## **2. Significant accounting policies**

### **(a) Basis of preparation**

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The financial statements have been prepared on an accrual basis and are based on historical costs modified where applicable. The financial statements are presented in Canadian dollars.

### **(b) Basis of consolidation**

The Company’s consolidated financial statements include the accounts of the Company and its wholly owned subsidiary Rio Explorations SpA (Chile). Subsidiaries are entities controlled by the Company, where control is achieved by the Company being exposed to, or having rights to, variable returns from its involvement with the entity and having the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are deconsolidated from the date that control ceases.

All inter-company transactions, balances, income and expenses are eliminated on consolidation.

## TY & SONS EXPLORATIONS (CHILE) INC.

Notes to the Consolidated Financial Statements

Year ended August 31, 2020

(Expressed in Canadian dollars)

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### 2. Significant accounting policies (continued)

#### (c) Functional and presentation currency

Items included in the consolidated financial statements of the Company and its wholly owned subsidiaries are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of the Company and Rio Explorations SpA (Chile) is the Canadian Dollar.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of transaction. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are included in profit and loss. The results and financial position of a subsidiary that has a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the reporting date;
- Income and expenses for each line item in the condensed consolidated statement of loss and comprehensive loss are translated at average exchange rates for the period; and
- All resulting exchange differences are recognised in other comprehensive income as cumulative translation adjustments.

On consolidation, exchange differences arising from the translation of the net investment in foreign entity is taken to accumulated other comprehensive loss. When a foreign operation is sold, such exchange differences are recognized in profit or loss as part of the gain or loss on sale.

#### (d) Use of estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include:

- The determination that the Company will continue as a going concern for the next year; and
- Carrying value of exploration and evaluation assets.

#### (e) Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

## TY & SONS EXPLORATIONS (CHILE) INC.

Notes to the Consolidated Financial Statements

Year ended August 31, 2020

(Expressed in Canadian dollars)

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### 2. Significant accounting policies (continued)

#### (e) Exploration and evaluation expenditures (continued)

Once the technical feasibility and commercial viability of the extraction of resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

#### (f) 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. Current income 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.

##### *Deferred income tax*

Deferred income tax is provided using the asset and liability sheet method 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.

#### (g) Financial instruments

##### (i) Classification

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

## TY & SONS EXPLORATIONS (CHILE) INC.

Notes to the Consolidated Financial Statements

Year ended August 31, 2020

(Expressed in Canadian dollars)

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### 2. Significant accounting policies (continued)

#### (g) Financial instruments (continued)

##### (ii) Measurement

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

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

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

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss and comprehensive loss in the period in which they arise.

###### Debt investments at FVTOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in Other Comprehensive Income (OCI). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss

###### Equity investments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

##### (iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

##### (iv) Derecognition

###### Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

## **TY & SONS EXPLORATIONS (CHILE) INC.**

Notes to the Consolidated Financial Statements

Year ended August 31, 2020

(Expressed in Canadian dollars)

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### **2. Significant accounting policies (continued)**

#### **(g) Financial instruments (continued)**

##### **(iv) Derecognition (continued)**

###### **Financial liabilities**

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. Gains and losses on derecognition are recognized in profit or loss.

#### **(h) Share capital**

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity, net of any tax effects.

#### **(i) Loss per share**

Basic loss per share is calculated by dividing net loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the reporting period. Diluted loss per share is determined by adjusting the net loss attributable to common shares and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares.

#### **(j) Share-based payments**

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instrument 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 credited to the share-based payment reserve. The fair value of options is determined using the Black-Scholes Option Pricing Model. 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.

#### **(k) Leases**

Effective September 1, 2019, the Company adopted IFRS 16, Leases. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by the lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease. The adoption of IFRS 16 had no impact on the financial statements as the Company had no leases since inception and as at August 31, 2020.

## TY & SONS EXPLORATIONS (CHILE) INC.

Notes to the Consolidated Financial Statements

Year ended August 31, 2020

(Expressed in Canadian dollars)

### 2. Significant accounting policies (continued)

(l) Accounting standards issued but not yet effective

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

### 3. Exploration and evaluation asset

Details of acquisition costs for the Company's exploration and evaluation asset are as follows:

	Nevada	Lajitas and Dorado	Total
	\$	\$	\$
Opening balance, September 1, 2018	70,902	-	70,902
Acquisition cost recovery	(26,601)	-	(26,601)
<b>Closing balance, August 31, 2019</b>	<b>44,301</b>	<b>-</b>	<b>44,301</b>
Acquisition costs	-	15,820	15,820
<b>Closing balance, August 31, 2020</b>	<b>44,301</b>	<b>15,820</b>	<b>60,121</b>

During the year ended August 31, 2016, the Company purchased a group of mining concessions in Chile collectively referred to as the Nevada project from a third party for US\$30,000 (\$39,044). From September 1, 2016 to August 31, 2018, the Company incurred claim maintenance fees of \$31,858.

During the year ended August 31, 2019, the Company optioned out the project to a third party and received a cash payment upon signing of US\$20,000 (\$26,601), which was recorded as a recovery against acquisition costs previously incurred for the project. During the year ended August 31, 2020, the third party terminated the option agreement and no further payments were made

During the year ended August 31, 2020, the Company purchased a group of mining concessions in Chile collectively referred to as the Lajitas and Dorado project from a third party for \$15,820.

The Nevada and Dorado claims are subject to a 2% net smelter royalty ("NSR"). The Company has also been granted an option to reduce the Dorado royalty by an additional 1% by paying \$2,000,000 and the Nevada royalty by up to 2%, in increments of 1%, by paying \$1,000,000 per 1% reduction up to a maximum of \$2,000,000.

### 4. Due to shareholder

As at August 31, 2020 the Company owed \$91,979 (2019 – \$72,183) to a shareholder of the Company. The amounts are non-interest bearing and have no fixed terms of repayment.

## TY & SONS EXPLORATIONS (CHILE) INC.

Notes to the Consolidated Financial Statements

Year ended August 31, 2020

(Expressed in Canadian dollars)

### 5. Income taxes

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	Year ended August 31, 2020	Year ended August 31, 2019
	\$	\$
Net loss before income taxes	(8,794)	(9,381)
Statutory tax rate	27.0%	27.0%
Expected income tax recovery at the statutory tax rate	(2,374)	(2,533)
Change in valuation allowance	2,374	2,533
Income tax recovery	-	-

Details of deferred tax assets and liabilities are as follows:

	August 31, 2020	August 31, 2019
	\$	\$
Loss carry-forwards	12,440	10,066
Valuation allowance	(12,440)	(10,066)
	-	-

The Company's tax pool includes non-capital loss of approximately \$46,000 that will expire by 2040.

### 6. Share capital

*Authorized share capital:*

Unlimited common shares without par value.

*Issued and outstanding:*

At August 31, 2020, there were 200 (August 31, 2019 – 200) common shares issued and outstanding.

On incorporation on April 21, 2016, the Company issued 200 common shares for proceeds of \$20.

### 7. Related party transactions

The Company's key management comprises of its officers and directors. There were no transactions with related parties during the years ended August 31, 2020 or 2019.

## **TY & SONS EXPLORATIONS (CHILE) INC.**

Notes to the Consolidated Financial Statements

Year ended August 31, 2020

(Expressed in Canadian dollars)

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### **8. Financial instruments and risks**

(a) Fair values

The fair value of amounts due to shareholder cannot be determined as they have no repayment terms.

(b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk.

(c) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk is assessed as low.

(d) Foreign exchange rate risk

Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a result of movements in foreign exchange rates. The Company has no assets or liabilities denominated in foreign currencies; therefore, is not exposed to foreign exchange risk.

(e) 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 requires funds to finance its business development activities. In addition, the Company needs to raise equity financing to carry out its exploration programs. There is no assurance that financing will be available or, if available, that such financings will be on terms acceptable to the Company. Liquidity risk is assessed as high.

(f) Price risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

### **9. Capital management**

The Company's capital structure consists of share capital. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support acquisition and exploration of resource properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company is dependent on external financing to fund its activities. In order to carry out exploration and pay for administrative costs, the Company will raise additional amounts as needed. The Company will continue to assess new exploration and evaluation assets and seek to acquire interests in properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management since inception. The Company is not subject to externally imposed capital requirements.

**APPENDIX D**  
**PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS OF THE RESULTING ISSUER**

Please see attached.

**ZTR ACQUISITION CORP.**  
**PRO FORMA FINANCIAL STATEMENTS**  
**(IN CANADIAN DOLLARS)**  
**UNAUDITED – PREPARED BY MANAGEMENT**  
**September 30, 2020**

**ZTR ACQUISITION CORP.****Pro Forma Statement of Financial Position (unaudited – prepared by Management)****As at September 30, 2020**

(Expressed in Canadian dollars)

	<b>ZTR Acquisition Corp.</b>	<b>Federal Gold Corp.</b>	<b>Ty &amp; Sons Explorations (Chile) Inc.</b>	<b>Pro Forma Adjustments</b>	<b>Note</b>	<b>Pro Forma Balances</b>
<b>ASSETS</b>						
<b>Current</b>						
Cash	\$ 363,810	\$ 47,748	\$ -	\$ 139,750	3)a)	\$ 9,721,558
				551,250	3)b)	
				(281,000)	3)c)	
				1,000,000	3)d)	
				8,000,000	3)e)	
				(100,000)	3)g)	
Taxes receivable	5,316	24,018	-			29,334
Receivables	-	139,750	-	(139,750)	3)a)	-
Total current assets	369,126	211,516	-	9,170,250		9,750,892
Restricted cash	129,282	-	-			129,282
Exploration and evaluation properties	-	163,960	60,121	225,879	3)c)	524,760
				74,800	3)f)	
	\$ 498,408	\$ 375,476	\$ 60,121	\$ 9,470,929		\$ 10,404,934
<b>Current</b>						
Accounts payable	\$ 204,529	\$ 101,836	\$ -			\$ 306,365
Accrued liabilities	12,775	50,750	5,000			68,525
Due to Shareholder	-	-	91,797	(91,797)	3)c)	-
	217,304	152,586	96,797	(91,797)		374,890
<b>Shareholders' equity</b>						
Share capital	28,246,926	512,662	20	\$ 551,250	3)b)	24,138,712
				(20)	3)c)	
				1,000,000	3)d)	
				8,000,000	3)e)	
				14,000,000	3)f)	
				74,800	3)f)	
				(28,246,926)	3)f)	
Share-based payment reserve	5,394,772	-	-	(5,394,772)	3)f)	-
Deficit	(33,360,594)	(289,772)	(36,696)	36,696	3)c)	(14,108,668)
				33,360,594	3)f)	
				(13,818,896)	3)f)	
	281,104	222,890	(36,676)	9,526,726		10,030,044
	\$ 498,408	\$ 375,476	\$ 60,121	\$ 9,470,929		\$ 10,404,934

*The accompanying notes are an integral part of these pro forma financial statements.*

**ZTR ACQUISITION CORP.****Pro Forma Statement of Comprehensive Loss (unaudited – prepared by Management)****For the period ended September 30, 2020**

(Expressed in Canadian dollars)

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	<b>ZTR Acquisition Corp. Three Months Ended September 30, 2020</b>	<b>Federal Gold Corp. Three Months Ended July 31, 2020</b>	<b>Ty &amp; Sons Explorations (Chile) Inc. Year Ended August 31, 2020</b>	<b>Pro Forma Adjustments</b>	<b>Note</b>	<b>Pro Forma Balances</b>
<b>Operating Expenses</b>						
Transfer agent and filing fees	9,306	-	-	-		9,306
Professional fees	11,254	15,000	8,514	-		34,768
Consulting	20,000	5,139	-	-		25,139
General and administrative	267	-	-	-		267
	40,827	20,139	8,514	-		69,480
<b>Other income (expense):</b>						
Transaction costs	-	-	-	13,818,896	3)h)	13,818,896
Foreign exchange	226	-	280	-		506
Interest income	2,699	-	-	-		2,699
<b>Net and comprehensive income (loss)</b>	43,752	20,139	8,794	13,818,896		13,891,581

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*The accompanying notes are an integral part of these pro forma financial statements.*

**ZTR ACQUISITION CORP.****Pro Forma Statement of Comprehensive Loss (unaudited – prepared by Management)****For the period ended December 31, 2019**

(Expressed in Canadian dollars)

	<b>ZTR Acquisition Corp. Year Ended December 31, 2019</b>	<b>Federal Gold Corp. Year Ended April 30, 2020</b>	<b>Ty &amp; Sons Explorations (Chile) Inc. Year Ended August 31, 2020</b>	<b>Pro Forma Adjustments</b>	<b>Note</b>	<b>Pro Forma Balances</b>
<b>Operating Expenses</b>						
Corporate Office	237,746	-	-	-		237,746
General and administrative	87,409	145,273	8,514	-		241,196
	325,155	145,273	8,514	-		478,942
<b>Other (income) expense:</b>						
Gain on settlement of debt	(171,756)	(150,000)	-	-		(321,756)
Gain on the reversal of accrued liabilities	(22,707)	-	-	-		(22,707)
Interest and accretion	70,022	-	-	-		70,022
Foreign exchange	2,463	-	280	-		2,743
Impairment of exploration and evaluation property	-	352,295	-	-		352,295
Settlement	-	(250,000)	-	-		(250,000)
Transaction costs	-	-	-	13,818,896	3)h)	13,818,896
<b>Net and comprehensive income (loss)</b>	<b>203,177</b>	<b>97,568</b>	<b>8,794</b>	<b>13,818,896</b>		<b>14,128,435</b>

*The accompanying notes are an integral part of these pro forma financial statements.*

## **ZTR ACQUISITION CORP.**

### **Notes to the Pro Forma Financial Statements (unaudited – prepared by Management)**

(Expressed in Canadian dollars)

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#### **1. Proposed Transaction**

On September 28, 2020, the Federal Gold Corp. (“Federal”) signed a definitive agreement with ZTR Acquisition Corp (“ZTR”), whereby the Federal will amalgamate with a wholly-owned subsidiary of the ZTR (the “Business Combination”), following which the resulting amalgamated entity will continue as a wholly-owned subsidiary of the ZTR. In consideration for completion of the Business Combination, all common shareholders of the Federal will be entitled to receive one (1) common share of the ZTR in exchange for every one (1) common share of the Federal that they hold. ZTR anticipates issuing 35,187,000 common shares (the “Consideration Shares”) to complete the acquisition of all of the currently outstanding securities of the Federal. Certain of the Consideration Shares will be subject to escrow pursuant to the policies of the TSX Venture Exchange, in addition to pooling restrictions that may be negotiated by the parties. In connection with completion of the Business Combination, it is anticipated that ZTR will change its name to “Angold Resources Ltd.” and will change its ticker symbol to “AAU”.

#### **2. Pro Forma Transaction**

The accompanying unaudited pro-forma financial statements of the ZTR have been prepared by management in accordance with International Reporting Standards (“IFRS”) from information derived from the financial statements of ZTR and the financial statements of Federal to show the effect of the proposed transaction as described in Note 1.

The unaudited pro-forma consolidated financial statements of the ZTR are compiled from and include:

- a) ZTR’s unaudited condensed interim financial statements as at and for the three months ended September 30, 2020 and the audited statement of comprehensive loss for the year-ended December 31, 2019;
- b) Federal’s unaudited financial statements as at and for the three months ended July 31, 2020 and the audited statement of comprehensive loss for the year-ended April 30, 2020;
- c) TY & Sons Explorations (Chile) Inc. audited annual financial statements as at August 31, 2020 (see Note 3c) and;
- d) The additional information set out in Note 3.

The unaudited pro forma consolidated financial statements have been prepared for illustration purposes only and may not be indicative of the financial statements that would have occurred if the proposed transactions had been in effect at the date indicated and is not necessarily indicative of the financial position and performance projected in the future. Management of ZTR and Federal believes that the assumptions used provide a reasonable basis for presenting all of the significant effects of the Business Combination, including transactions completed in connection with completing the Business Combination, and that the pro forma adjustments give appropriate effect to those assumptions and are appropriately applied. Completion of the Business Combination is subject to a number of conditions, including but not limited to, TSX Venture Exchange’s acceptance. There can be no assurance that the Business Combination will be completed as proposed or at all.

## ZTR ACQUISITION CORP.

### Notes to the Pro Forma Financial Statements (unaudited – prepared by Management)

(Expressed in Canadian dollars)

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#### 3. Pro Forma Adjustments

The unaudited pro-forma financial statements incorporate the following assumptions and adjustments:

- a) Subsequent to July 31, 2020, Federal collected \$139,750 in subscriptions receivable.
- b) Subsequent to July 31, 2020, Federal issued 11,025,000 common shares at \$0.05 per share for proceeds of \$551,250.
- c) Subsequent to July 31, 2020, Federal acquired TY & Sons Explorations (Chile) Inc. for USD\$210,000 (approximately CDN\$281,000). As TY & Sons Explorations (Chile) Inc.'s financial statements for the year-ended August 31, 2020 were not included in Federal's financial statements as at July 31, 2020, these pro forma financial statements incorporate the financial statements of TY & Sons Explorations (Chile) Inc. and treated as an asset acquisition as the net assets acquired by Federal did not constitute a business as defined by IFRS 3. The net purchase price was allocated to the exploration and evaluation asset acquired.

The following table summarizes the total consideration, the fair value of the identifiable assets acquired and liabilities assumed as the date of the acquisition:

Cost of acquisition	\$	281,000
	\$	281,000
Exploration and evaluation	\$	286,000
Accrued liabilities		(5,000)
	\$	281,000

The due to shareholder balance acquired upon the acquisition of TY & Sons Explorations (Chile) Inc. has been eliminated upon consolidation.

- d) Subsequent to July 31, 2020, Federal issued 5,000,000 common shares at \$0.20 per share for proceeds of \$1,000,000.
- e) Subsequent to July 31, 2020, Federal issued 20,000,000 subscription receipts for \$8,000,000. Each subscription receipt will convert to one common share of ZTR, subject to the approval of the TSX Venture Exchange, upon the completion of an amalgamation agreement.

## ZTR ACQUISITION CORP.

### Notes to the Pro Forma Financial Statements (unaudited – prepared by Management)

(Expressed in Canadian dollars)

#### 3. Pro Forma Adjustments (Continued)

- f) As described above, ZTR entered into a definitive agreement with Federal dated September 28, 2020. Pursuant to the definitive agreement, Federal will become a subsidiary of ZTR. In consideration, ZTR will issue 35,000,000 common shares to Federal's shareholders and 187,000 as an option payment for an evaluation and exploration property.

As a result of the share exchange, the former shareholders of Federal will acquire control of the Company and the Business Combination will be treated as a reverse take-over transaction (the "RTO"). The RTO will be accounted for as an acquisition of the net liabilities and listing status of ZTR by Federal via a share-based payment. The excess of the estimated fair value of the equity instruments that Federal is deemed to have issued to acquire ZTR, plus the transaction costs (both the "Consideration") and the estimated fair value of the Company's net liabilities, will be recorded as the cost of obtaining the listing.

The RTO has been accounted for as an acquisition by Federal of ZTR as follows:

Cost of acquisition:		
Common shares issued to shareholders of Federal	\$	14,000,000
Common shares issued as option payment		74,800
Transaction costs		100,000
	\$	14,174,800
<hr/>		
Cash	\$	363,810
Amounts receivable		5,316
Restricted cash		129,282
Exploration and evaluation		74,800
Trades and other payables		(217,304)
Net assets acquired		355,904
Listing expense		13,818,896
	\$	14,174,800

- g) Costs of approximately \$100,000 to complete the transaction.

#### 4. Pro Forma Share Capital

	Number of shares		Amount
Outstanding common shares of ZTR as at September 30, 2020	28,754,330	\$	28,246,926
Elimination of ZTR share equity	(28,754,330)		(28,246,926)
Shares issued for Federal	35,000,000		14,000,000
Shares issued for property option	187,000		74,800
Value of ZTR shares	28,754,330		2,063,912
Subscription receipts	20,000,000		8,000,000
Pro forma share capital	83,941,330	\$	24,138,712

**APPENDIX E**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF ZTR**

Please see attached.

**ZTR ACQUISITION CORP.**  
**MANAGEMENT DISCUSSION & ANALYSIS**  
**For the year ended December 31, 2019**

This Management Discussion and Analysis (“MD&A”) of ZTR Acquisition Corp. (formerly Oyster Oil and Gas Ltd.) (“ZTR” or the “Company”) has been prepared by management as of, and is dated, April 29, 2020 and should be read together with the audited financial statements and related notes for the year ended December 31, 2019, which are prepared in accordance with International Financial Reporting Standards (“IFRS”). Additional information regarding the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

All amounts in the MD&A, financial statements and related notes are expressed in Canadian dollars unless otherwise noted.

### **Forward-Looking Statements**

This document contains certain forward-looking statements. In some cases, words such as “plans”, “expects”, or “does not expect”, “budget”, “scheduled”, “estimates”, “forecasts”, “anticipate” or “does not anticipate”, “believe”, “intend” and similar expressions or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur, be achieved or continue, have been used to identify these forward-looking statements. These forward-looking statements are subject to a variety of risks and uncertainties beyond the Company's ability to control or predict and are not to be interpreted as guarantees for future performance. These forward-looking statements could cause actual events or results to differ materially from those anticipated in such forward-looking statements. All forward-looking statements speak only as of the date hereof and, except as required by law, the Company does not undertake any obligation to update or publicly release any revisions to such forward-looking statements to reflect events, circumstances, or changes in expectations after the date hereof. Accordingly, readers should not place undue reliance on such forward-looking statements.

### **Overall Performance**

The Company was formerly an international exploration company engaged in the acquisition, exploration and development of oil and gas interests in Africa. The Company's shares are traded on the TSX Venture Exchange (the “Exchange”) under the symbol “ZTR”.

In January 2018, the Company issued 125,000 common shares as a result of options exercisable at \$0.17 for proceeds of \$21,250.

On June 25, 2018, Bruce McNaught resigned as both the Chief Financial Officer and Director of the Company. Martin Bajic was appointed as Chief Financial Officer on June 25, 2018.

On October 5, 2018, Donald Sharpe resigned as a Director of the Company.

On February 8, 2019, Michael Wood resigned as Chief Executive Officer and Director and was replaced by Martin Bajic.

On February 21, 2019, the Company entered into a debt settlement agreement with its convertible debenture holders to settle the outstanding convertible debentures and accrued interest with 100% of the issued and outstanding common shares of Oyster Oil & Gas Limited (“Oyster BVI”). Oyster BVI has the 100% working interest of exploration and evaluation stage oil and gas assets in both Djibouti and Madagascar. Pursuant to the agreement, ownership of the assets was transferred to the convertible debenture holders along with the common shares of Oyster BVI. The convertible debenture holders also assumed certain of the accrued liabilities at Oyster BVI. The agreement was approved by shareholders and the Exchange and closed on June 19, 2019.

## Exploration and Evaluation Assets

On June 19, 2019, the Company sold its exploration and evaluation assets in exchange for the retirement of certain convertible debentures. As such, the carrying value of the Company's assets have been marked down to \$Nil and changes in the Company's exploration and evaluation properties are summarized below:

### Republic of Djibouti

Balance, December 31, 2018	\$	1,203,595
Field and technical work		5,026
Field office, management and administration		16,369
Disposition		(1,224,990)
Balance, December 31, 2019	\$	-

### Republic of Madagascar

Balance, December 31, 2018	\$	700,438
Field and technical work		28,759
Field office, management and administration		22,476
Disposition		(751,673)
Balance, December 31, 2019	\$	-

## Selected Annual Information

	Year Ended		
	December 31, 2019	December 31, 2018	December 31, 2017
Net Income (Loss) for the period	\$ (203,177)	\$ (10,435,322)	\$ (1,351,874)
Basic and Diluted Net Loss Per Share	\$ (0.00)	\$ (0.24)	\$ (0.03)
Total Assets	\$ 138,969	\$ 2,087,902	\$ 11,701,598
Total Long-Term Financial Liabilities	\$ -	\$ -	\$ -

## Results and Discussion of Operations for the year ended December 31, 2019

The net loss from continuing operations, before other items, for the years ended December 31, 2019 and 2018 are summarized as follow:

	Year-ended December 31, 2019	Year-ended December 31, 2018
Corporate office	\$ 237,746	\$ 484,940
General and administrative	\$ 87,409	\$ 102,587
Amortization	\$ -	\$ 344
Interest and accretion	\$ 70,283	\$ 291,791
Foreign exchange	\$ 2,463	\$ 30,883
Impairment of exploration and evaluation asset	\$ -	\$ 9,709,817
Write off of accounts receivable	\$ -	\$ 1,168
Interest income	\$ (261)	\$ (261)
Change in derivative liability	\$ -	\$ (185,947)
Write off of accounts payable	\$ (22,707)	\$ -
Gain on debt settlement	\$ (171,756)	\$ -

Corporate office expenses decreased by \$247,194 from \$484,940 in 2018 to \$237,746 in 2019 as a result of a decrease in activity since the Company completed its settlement of debt for its assets and, as such, required less time by management to oversee the day to day operations of the Company.

General and administrative expenses decreased by \$15,178 from \$102,587 in 2018 to \$87,409 in 2019 as a result of a decrease in activity over the second half of the year.

Interest and accretion decreased by \$221,508 as the convertible debentures were retired in exchange for the Company's oil and gas assets. The current period's interest includes only the notes payable.

In general, operating results have decreased during the current year when compared to the prior year as a result of the Company retiring its convertible debentures in exchange for its exploration and evaluation assets. This has resulted in a reduction of management time and expenditures as the Company's activities were greatly reduced in the current period.

The Company expects to incur reduced expenditures in fiscal 2020 and until such time the Company identifies an asset which would warrant additional expenses to be incurred.

The selected period information and summary of financial results in this MD&A should be read in conjunction with the consolidated annual financial statements of the Company for the year ended December 31, 2019.

### Three Months Ended December 31, 2019 Compared to Three Months Ended December 31, 2018

For the three months ended December 31, 2019, the Company reported a net loss from continuing operations of \$38,394 compared to \$9,265,623 for the same period in 2018. The decrease was a result of an impairment allowance taken on the exploration and evaluation properties in the same period in 2018 to mark them to their recoverable value as determined by the debt settlement agreement signed on February 21, 2019.

Specific expenses incurred during the fourth quarter comprised of a corporate office recovery of \$40,617 (2018 - \$76,231), general and administrative of \$4,488 (2018 - \$17,355), interest and accretion of \$8,214 (2018 - \$30,960).

## Summary of Quarterly Results

	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
	\$	\$	\$	\$	\$	\$	\$	\$
Net Income (Loss)	(38,394)	(61,675)	104,020	(207,128)	(9,853,494)	(208,136)	(107,769)	(265,923)
Income (Loss) per share	(0.00)	0.00	0.00	(0.00)	(0.23)	(0.00)	(0.00)	(0.01)

## Liquidity and Capital

The Company reported a working capital deficiency of \$715,688 at December 31, 2019 compared to working capital deficiency of \$2,434,840 at December 31, 2018. As at December 31, 2019, the Company had cash of \$581 compared to cash of \$24,667 as at December 31, 2018. The decrease in cash is a result of the Company's inability to address its cash shortfall through financing activities.

Current assets excluding cash at December 31, 2019 consisted of receivables of \$10,048. As at December 31, 2018, the Company had receivables of \$6,779 and prepaid expenses of \$5,787.

Current liabilities as at December 31, 2019 consisted of accounts payable and accrued liabilities of \$556,470 which represents a \$611,990 decrease from December 31, 2018 and notes payable of \$169,847 which represents a \$98,449 increase from December 31, 2018.

## Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

## Related Party Transactions

Compensation of key management for the periods ended December 31, 2019 and 2018 are as follows:

	2019	2018
Management and consulting fees:		
Included in property investigation, corporate office and general and administrative expense	\$65,119	\$233,852
Included in exploration and evaluation assets – Oil and Gas	-	88,398
	65,119	322,250
Director fees	7,907	38,989
Administration fees	-	10,064
	\$73,026	\$371,303

## Related party balances

Included in accounts payables is \$8,285 (2018 - \$526,935) owing to members of the Company's key management and directors. These amounts are unsecured, non-interest bearing and has no fixed terms of repayment.

The balance outstanding for the promissory notes with formal directors as at December 31, 2019 is \$13,760 (2018: \$13,149). The balance is unsecured, bearing 7% rate per annum and due on demand.

The balance outstanding for the promissory notes with an officer and a director as at December 31, 2019 is \$500 (2018: \$nil). The balance is unsecured, non-interest bearing and no specific terms of repayment.

## **Proposed Transactions**

None.

## **Critical Accounting Estimates**

The preparation of financial statements requires management to establish accounting policies, estimates and assumptions that affect the timing and reported amounts of assets, liabilities revenues and expenses. These estimates are based on historical experience and on various other assumptions that management believes to be reasonable under the circumstances, and require judgement on matters which are inherently uncertain. Details of the Company's significant accounting estimates and assumptions can be found in Note 2 of the audited financial statements for the year ended December 31, 2019.

## **Changes in Accounting Policies including Initial Adoption**

There were no significant changes in accounting policies during the year. Details of the Company's significant accounting policies can be found in Note 3 of the audited financial statements for the year ended December 31, 2019.

## **Financial Instruments and Other Instruments**

The carrying amounts of cash and equivalents, receivables, accounts payable and deposits received approximate fair value because of the short-term maturity of these items. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risk arising from these financial statements.

## **Other Requirements**

### ***Summary of Outstanding Securities as at April 29, 2020.***

Authorized: Unlimited number of common shares without nominal or par value.

Issued and outstanding: 43,771,659

Stock options: 2,000,000 at a weighted average exercise price of \$0.17 per Share.

Warrants: Nil

## **Risk Factors**

The Company is subject to various risks and uncertainties, including, but not limited to, those listed below.

### ***Financial Statements Prepared on a Going Concern Basis***

ZTR's financial statements have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. ZTR's operations to date have been primarily financed by equity and debt financing. ZTR's future operations are dependent upon the identification and successful completion of additional equity or debt financing or the achievement of profitable operations. There can be no assurances that ZTR will be successful in completing additional financing or achieving profitability. The financial statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should ZTR be unable to continue as a going concern.

### ***Capital Requirements***

To finance its future acquisition and operating costs, ZTR may require financing from external sources, including from the issuance of new shares or debt. There can be no assurance that such financing will be available to the Company or, if available, that it will be offered on terms acceptable to ZTR. If additional financing is raised through the issuance of equity or convertible debt securities, control of the Company may change and the interests of shareholders in the net assets of ZTR may be diluted. Availability of capital will also directly impact the Company's ability to take advantage of acquisition opportunities.

### ***Interest rate risk***

The Company does not have any current material exposure to fluctuations in interest rates.

### ***Liquidity risk***

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Liquidity describes a company's ability to access cash. The Company will potentially issue debt or equity to ensure the Company has sufficient available funds to meet current and foreseeable financial requirements. The Company actively monitors its liquidity to ensure that its cash flows and working capital are adequate to support these financial obligations and the Company's capital programs.

**ZTR ACQUISITION CORP.**  
**(formerly Oyster Oil and Gas Ltd.)**  
**MANAGEMENT DISCUSSION & ANALYSIS**  
**For the nine months ended September 30, 2020**

This Management Discussion and Analysis (“MD&A”) of ZTR Acquisition Corp. (formerly Oyster Oil and Gas Ltd.) (“ZTR” or the “Company”) has been prepared by management as of November 30, 2020 and should be read together with the unaudited interim condensed financial statements and related notes for the nine months ended September 30, 2020, which are prepared in accordance with International Financial Reporting Standards (“IFRS”). Additional information regarding the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

All amounts in the MD&A, financial statements and related notes are expressed in Canadian dollars unless otherwise noted.

### **Forward-Looking Statements**

This document contains certain forward-looking statements. In some cases, words such as “plans”, “expects”, or “does not expect”, “budget”, “scheduled”, “estimates”, “forecasts”, “anticipate” or “does not anticipate”, “believe”, “intend” and similar expressions or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur, be achieved or continue, have been used to identify these forward-looking statements. These forward-looking statements are subject to a variety of risks and uncertainties beyond the Company's ability to control or predict and are not to be interpreted as guarantees for future performance. These forward-looking statements could cause actual events or results to differ materially from those anticipated in such forward-looking statements. All forward-looking statements speak only as of the date hereof and, except as required by law, the Company does not undertake any obligation to update or publicly release any revisions to such forward-looking statements to reflect events, circumstances, or changes in expectations after the date hereof. Accordingly, readers should not place undue reliance on such forward-looking statements.

### **Overall Performance**

The Company was formerly an international exploration company engaged in the acquisition, exploration and development of oil and gas interests in Africa. The Company’s shares are traded on the TSX Venture Exchange (the “Exchange”) under the symbol “ZTR”.

On February 8, 2019, Michael Wood resigned as Chief Executive Officer and Director and was replaced by Martin Bajic.

On February 21, 2019, the Company entered into a debt settlement agreement with its convertible debenture holders to settle the outstanding convertible debentures and accrued interest with 100% of the issued and outstanding common shares of Oyster Oil & Gas Limited (“Oyster BVI”). Oyster BVI has the 100% working interest of exploration and evaluation stage oil and gas assets in both Djibouti and Madagascar. Pursuant to the agreement, ownership of the assets was transferred to the convertible debenture holders along with the common shares of Oyster BVI. The convertible debenture holders also assumed certain of the accrued liabilities at Oyster BVI. The agreement was approved by shareholders and the Exchange and closed on June 19, 2019.

On June 12, 2020, the Company completed a 1 new for 5 old consolidation of its common shares.

On June 12, 2020, the Company completed a private placement whereby it issued 20,000,000 common shares at \$0.05 for proceeds of \$1,000,000. The shares issued were post-consolidation shares.

## Results and Discussion of Operations for the three months ended September 30, 2020

The net loss from continuing operations, before other items, for the three months ended September 30, 2020 and 2019 are summarized as follow:

	Three Months September 30, 2020	Three Months September 30, 2019
Corporate office	\$ -	\$ -
Transfer agent and filing fees	\$ 9,306	\$ 1,250
Professional fees	\$ 11,254	\$ 1,500
Insurance	\$ -	\$ 9,550
Consulting	\$ 20,000	\$ 41,000
General and administrative	\$ 267	\$ 5,587
Interest and accretion	\$ 226	\$ 3,285
Foreign exchange	\$ 2,699	\$ (497)
Gain on disposition of exploration assets	\$ -	\$ -

Transfer agent and filing fees increased by \$8,056 as a result of the financing in the 2<sup>nd</sup> quarter of 2020 and ongoing increased transfer agent fees.

Professional fees increased \$9,754 as the Company incurred fees in relation to its year-end audit and legal fees in relation to evaluating potential acquisitions.

Insurance expenses decreased by \$9,550 as the Company did not have an insurance policy during the three months ended September 30, 2020.

Consulting fees decreased by \$21,000 as the Company incurred a one time charge in consulting fees related to the sale of its subsidiary.

General and administrative expenses decreased by \$5,320 from \$5,587 in 2019 to \$267 in 2020 as the Company reduced operations significantly while it reviewed potential transactions.

Interest and accretion decreased by \$3,059 as the convertible debentures were retired in exchange for the Company's oil and gas assets during the second quarter of 2019. The current period's interest includes only the notes payable.

## Results and Discussion of Operations for the nine months ended September 30, 2020

The net loss from continuing operations, before other items, for the nine months ended September 30, 2020 and 2019 are summarized as follow:

	Nine Months September 30, 2020	Nine Months September 30, 2019
Corporate office	\$ -	\$ 195,363
Transfer agent and filing fees	\$ 24,802	\$ 13,813
Professional fees	\$ 29,979	\$ 45,910
Insurance	\$ 7,851	\$ 13,330
Consulting	\$ 57,500	\$ 83,000
General and administrative	\$ 1,497	\$ 9,868
Write off of equipment	\$ -	\$ 10,196
Interest and accretion	\$ 7,939	\$ 62,069
Foreign exchange	\$ 1,980	\$ 10,684
Gain on disposition of exploration assets	\$ -	\$ (279,450)

Corporate office expenses decreased by \$195,363 and insurance expense decreased by \$5,479 as the comparative period included operations in relation to the Company's oil and gas operations and as the Company does not have such operations in the current period, there are no such expenditures.

Transfer agent and filing fees increased by \$10,989 as a result of the financing in the 2<sup>nd</sup> quarter of 2020.

General and administrative expenses decreased by \$8,371 from \$9,868 in 2019 to \$1,497 in 2020 as the Company reduced operations significantly while it reviewed potential transactions.

Professional fees decreased \$15,931 as the Company incurred fees in the comparative period in relation to the sale of the subsidiary which were not repeated in the current period.

Interest and accretion decreased by \$54,130 as the convertible debentures were retired in exchange for the Company's oil and gas assets during the second quarter of 2019. The current period's interest includes only the notes payable, which were repaid during the period.

The Comparative period includes a one time charge for the gain on disposition of exploration assets.

## Summary of Quarterly Results

	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
	\$	\$	\$	\$	\$	\$	\$	\$
Net Income (Loss)	(43,752)	(62,216)	(25,580)	(38,394)	(61,675)	104,020	(207,128)	(9,853,494)
Income (Loss) per share	(0.00)	(0.01)	(0.00)	(0.00)	(0.01)	0.01	(0.00)	(0.23)

## Liquidity and Capital

The Company reported a working capital of \$151,822 at September 30, 2020 compared to working capital deficiency of \$715,688 at December 31, 2019. As at September 30, 2020, the Company had cash of \$363,810 compared to cash of \$581 as at December 31, 2019.

Current assets excluding cash at September 30, 2020 consisted of receivables of \$5,316 (2019: \$10,048).

Current liabilities as at September 30, 2020 consisted of accounts payable and accrued liabilities of \$204,529 (December 31, 2019: \$556,470) which represents a decrease of \$351,941 from December 31, 2019 and notes payable of \$12,775 (December 31, 2019: \$169,847).

## Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

## Related Party Transactions

### *Key management compensation*

Compensation of key management for the three and nine months ended September 30, 2020 and 2019 are as follows:

	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Management fees: Included in corporate office and general and administrative expense	\$ -	\$ -	\$ -	\$ 21,417
Consulting fees	\$ 5,000	\$ -	\$ 12,500	\$ -

### *Related party balances*

Included in accounts payables is \$13,125 (December 31, 2019 - \$8,285) owing to members of the Company's key management and directors. These amounts are unsecured, non-interest bearing and has no fixed terms of repayment.

## Proposed Transactions

On August 19, 2019 the Company announced that it has entered into a letter of intent (the "LOI") dated effective August 17, 2020 outlining the general terms and conditions with respect to the acquisition (the "Acquisition") by the Company of all the issued and outstanding share capital of Federal Gold Corp. ("Federal Gold"). The Company and Federal Gold are at arms-length, and the Acquisition will constitute a reverse takeover of the Company in accordance with the policies of the TSX Venture Exchange (the "Exchange"). Assuming completion of the Acquisition, it is anticipated that the Company will be listed on the Exchange as a Tier 2 Mining Issuer. As of the date of this Management Discussion and Analysis, the transaction has not yet closed.

Federal Gold is a privately held company existing under the laws of the Province of British Columbia. Federal Gold currently has 35,187,000 common shares ("Federal Gold Shares") issued and outstanding. Under the terms of the Acquisition, shareholders of Federal Gold will be issued common shares of the Company (the "Consideration Shares") in exchange for their Federal Gold Shares on a one-for-one basis. This will result in the issuance of 35,187,000 Consideration Shares based on the current capital structure of Federal Gold. Certain of the Consideration Shares will be subject to escrow pursuant to the policies of the Exchange, in addition to pooling restrictions that may be negotiated by the parties.

As a condition to completing the Acquisition, the parties intend to complete a non-brokered private placement financing (the “Concurrent Financing”) to raise up to \$7,500,000 through the issuance of up to 18,750,000 subscription receipts of Federal Gold at a price of \$0.40 per subscription receipt. The proceeds of the Financing will be held in escrow, pending the Company receiving all applicable regulatory approvals and completing the Acquisition. Upon satisfaction of the escrow conditions, immediately prior to completion of the Acquisition, each subscription receipt will automatically convert into one common share of Federal Gold for no additional consideration and will be exchanged for Consideration Shares on a one-for-one basis. If the Acquisition is not completed on or before December 31, 2020, the Concurrent Financing proceeds will be returned to the subscribers. Finder’s fees may be payable to arm’s length parties who introduce subscribers to the Concurrent Financing, in accordance with the policies of the Exchange.

### **Critical Accounting Estimates**

The preparation of financial statements requires management to establish accounting policies, estimates and assumptions that affect the timing and reported amounts of assets, liabilities revenues and expenses. These estimates are based on historical experience and on various other assumptions that management believes to be reasonable under the circumstances and require judgement on matters which are inherently uncertain. Details of the Company's significant accounting estimates and assumptions can be found in Note 2 of the audited financial statements for the year ended December 31, 2019.

### **Changes in Accounting Policies including Initial Adoption**

There were no significant changes in accounting policies during the year. Details of the Company's significant accounting policies can be found in Note 2 of the audited financial statements for the year ended December 31, 2019.

### **Financial Statements Prepared on a Going Concern Basis**

ZTR’s financial statements have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. ZTR’s operations to date have been primarily financed by equity and debt financing. ZTR’s future operations are dependent upon the identification and successful completion of additional equity or debt financing or the achievement of profitable operations. There can be no assurances that ZTR will be successful in completing additional financing or achieving profitability. The financial statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should ZTR be unable to continue as a going concern.

### **Capital Requirements**

To finance its future acquisition and operating costs, ZTR may require financing from external sources, including from the issuance of new shares or debt. There can be no assurance that such financing will be available to the Company or, if available, that it will be offered on terms acceptable to ZTR. If additional financing is raised through the issuance of equity or convertible debt securities, control of the Company may change and the interests of shareholders in the net assets of ZTR may be diluted. Availability of capital will also directly impact the Company’s ability to take advantage of acquisition opportunities.

### **Financial Instruments and Risk Management**

The carrying amounts of cash and equivalents, receivables, accounts payable and accrued liabilities and deposits received approximate fair value because of the short-term maturity of these items. The Company is exposed to a variety of financial risks by virtue of its activities including credit, interest rate, and liquidity risk.

## **Risk Factors**

The Company is subject to various risks and uncertainties, including, but not limited to, those listed below.

### *Interest rate risk*

The Company does not have any current material exposure to fluctuations in interest rates.

### *Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company assessed credit risk as low.

### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered. The Company has sufficient cash to meet its current liabilities at September 30, 2020. The Company assessed liquidity risk as low.

### *Foreign exchange risk*

Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a result of movements in foreign exchange rates. The Company is not exposed to foreign exchange risk.

### *Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company assessed interest rate risk as low.

### *Availability of Financing*

The Company will be competing with other companies in the capital market for available financing. There is no assurance that the Company will be able to obtain sufficient financing, if at all.

## **Other Requirements**

### *Summary of Outstanding Securities as at November 30, 2020.*

Authorized: Unlimited number of common shares without nominal or par value.

Issued and outstanding: 28,574,330

Stock options: 85,000 at a weighted average exercise price of \$1.10 per Share.

Warrants: None.

**APPENDIX F**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FEDERAL GOLD**

Please see attached.

## **FEDERAL GOLD CORP. (formerly Vanadium North Resources Inc.)**

### **Management Discussion and Analysis**

**For the years-ended April 30, 2020 and 2019**

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This Management Discussion and Analysis (“MD&A”) of Federal Gold Corp. (formerly Vanadium North Resources Inc.) (the “Company”) has been prepared by management as of October 28, 2020.

This MD&A may contain “forward-looking statements” which reflect the Company’s current expectations regarding the future results of operations, performance and achievements of the Company. The Company has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as “anticipate,” “believe,” “estimate,” “expect” and similar expressions. The statements reflect the current beliefs of the management of the Company, and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Company to differ materially from those expressed in, or implied by, these statements. Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

This MD&A is dated as of October 28, 2020 and should be read in conjunction with the audited financial statements of the Company for the years ended April 30, 2020 and 2019. The April 30, 2020 and 2019 Financial Statements are prepared in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board. Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”), have been omitted or condensed. Unless expressly stated otherwise, all financial information is presented in Canadian dollars.

The financial statements were approved by the Board of Directors of the Company on October 28, 2020.

#### **Nature of Business**

The Company was incorporated under the Business Corporations Act (British Columbia) on July 25, 2018.

The Company’s principal business activity is the exploration of mineral properties. The Company currently conducts substantially all of its operations in Canada in one business segment. The head office and principal address of the Company is located at Suite 900, 1021 West Hastings Street, Vancouver, BC V6E 0C3.

On July 31, 2018 (amended on February 28, 2019, see below), the Company entered into an option to purchase agreement pursuant to which it had the option to acquire a 100% interest, subject to a net smelter royalty of 2% (reducible to 1% with a \$1,000,000 payment), in seven claims in the Northwest Territories (the “Vanadium Property”). In order to exercise the option, the Company was required to deliver to the vendor shares representing 19.9% of the issued and outstanding shares at the conclusion of a go-public transaction, incur \$90,000 of expenditures prior to November 1, 2018 and maintain all mining claims in good standing until December 21, 2019 by completing assessment filings or make cash-in-lieu payments with the Northwest Territories Mining Recorder on or before December 15, 2018. On February 8, 2019, the Company entered into a share purchase agreement with Regency Gold Corp. (“Regency”), whereby Regency would acquire 100% of the common shares of the Company in exchange for 13,995,985 common shares of Regency. In the same agreement, the Optionor of the property agreed to receive 7,500,000 common shares of Regency to satisfy the obligations to issue 19.9% of the issued and outstanding shares. The share purchase agreement did not complete and the Company, on June 24, 2019, filed a notice of civil claim whereby the Company was the plaintiff and Regency was the defendant. On November 1, 2019, the claim was settled through a mutual release and settlement agreement whereby the Company received \$250,000 and the loan payable of \$150,000 was forgiven. During the year-ended April 30, 2020, the Company determined that it would not be proceeding with the exploration of the Vanadium Property.

During the year-ended April 30, 2020, the Company staked 260 claims in Ontario, Canada. Together these claims have been described as the Uchi property.

## **FEDERAL GOLD CORP. (formerly Vanadium North Resources Inc.)**

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On July 1, 2020, the Company completed a consolidation of its common shares on a 1 new for 2.6 old basis. The result of the consolidation is that the Company has 5,000,000 common shares issued and outstanding as at July 1, 2020. The number of shares presented in the MD&A reflect this consolidation.

On July 25, 2020, the Company entered into a property option agreement whereby the Company has the option to acquire a 100% interest in the Iron Butte Property (subject to a net smelter royalty). To earn the option, the Company must pay USD\$1,320,000 and issue common shares worth USD \$252,750 over 6 years. In addition, within 180 days of the effective date the Company is required to complete a public listing and upon the listing issue 187,500 common shares.

On August 9, 2020, the Company acquired 100% of the issued and outstanding shares of TY & Sons Explorations (Chile) Inc. in exchange for USD \$210,000. TY & Sons Explorations (Chile) Inc. owns two groups of concessions in Chile including the Nevada and Lajitas and Dorado claims.

On September 28, 2020, the Company signed a definitive agreement with ZTR Acquisition Corp (“ZTR”), whereby the Company will amalgamate with a wholly-owned subsidiary of the ZTR (the “Business Combination”), following which the resulting amalgamated entity will continue as a wholly-owned subsidiary of the ZTR. In consideration for completion of the Business Combination, all common shareholders of the Company will be entitled to receive one (1) common share of the ZTR in exchange for every one (1) common share of the Company that they hold. ZTR anticipates issuing 35,187,000 common shares (the “Consideration Shares”) to complete the acquisition of all of the currently outstanding securities of the Company (not including any shares issuable upon conversion of the subscription receipts issued on September 30, 2020). Certain of the Consideration Shares will be subject to escrow pursuant to the policies of the TSX Venture Exchange, in addition to pooling restrictions negotiated by the parties. In connection with completion of the Business Combination, it is anticipated that ZTR will change its name to “Angold Resources Ltd.” and will change its ticker symbol to “AAU”.

The Company has never generated revenue or positive cash flows from operations. For the period from Incorporation on July 25, 2018 to January 31, 2019, the Company reported a net loss of \$76,825, cash deficiency from operating activities of \$23,360 and has an accumulated deficit of \$76,285. This raises significant doubt about the Company’s ability to continue as a going concern. The Company’s ability to continue its operations as intended are dependent on its ability to obtain necessary financing and raise capital sufficient to cover its operating costs.

Operations during the period from incorporation on July 25, 2018 to January 31, 2019 were primarily related to obtaining the necessary financing, as well as conducting the initial exploration program. During the period the Company incurred exploration and evaluation assets expenditures in the amount of \$140,434.

#### **Financings**

On July 25, 2018, the Company issued 6,000,000 common shares at \$0.005 for gross proceeds of \$30,000.

On November 1, 2018, the Company issued 3,290,000 common shares at \$0.05 for gross proceeds of \$164,500.

On December 10, 2018, the Company issued 2,860,000 flow through shares at \$0.075 for gross proceeds of \$214,500.

On December 18, 2018, the Company issued 850,000 flow through shares at \$0.075 for gross proceeds of \$63,750.

On July 7, 2020, the Company issued 13,975,000 common shares at \$0.01 per common share for proceeds of \$139,750.

On August 7, 2020, the Company issued 11,025,000 common shares at \$0.05 per common share for proceeds of \$551,250.

**FEDERAL GOLD CORP. (formerly Vanadium North Resources Inc.)****Management Discussion and Analysis****For the years-ended April 30, 2020 and 2019**

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On August 18, 2020, the Company issued 4,000,000 common shares at \$0.20 per common share for proceeds of \$800,000.

On September 30, 2020, the Company issued 20,000,000 subscription receipts for \$8,000,000. Each subscription receipt will convert to one common share of ZTR, subject to the approval of the TSX Venture Exchange, upon the completion of the Business Combination.

**Uchi Property**

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	Year Ended April 30, 2020
	\$
Acquisition	
Balance, beginning	-
Staking	13,000
Balance, ending	13,000
Exploration and Evaluation Cost	
Balance, beginning	-
Geophysical survey	132,250
Consulting fees	13,500
Balance, ending	145,750
Total	158,750

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**Valley of Vanadium Project, Northwest Territories**

On July 30, 2018, the Company entered into the Option Agreement with the Optionor and Archer, Cathro & Associates (1981) Limited, pursuant to which the Company was granted the sole and exclusive option to acquire 100% of the rights and interests in the Valley of Vanadium Project, subject to a 2% net smelter return royalty (reducible to 1% with a \$1,000,000 payment) in favour of the Optionor. On February 28, 2019, the Optionor, Archer, Cathro & Associates (1981) Limited, the Company and Regency entered into the Amending Agreement in order to facilitate the completion of the transactions contemplated by the Option Agreement.

In order to exercise its option, the Company was required to:

- Cause to be delivered to the Optionor 7,500,000 Property Shares on Closing of the Transaction.
- Incur minimum expenditures on the Valley of Vanadium Project of not less than an aggregate of \$90,000 on or before November 1, 2018 (complete).
- Maintain all mining claims comprising the Valley of Vanadium Project in good standing until December 21, 2019 by completing all assessment filings or making cash-in-lieu payments with the Northwest Territories Mining Recorder on or before December 15, 2018 (complete).

As a result of the Company being unable to complete the share purchase agreement, the Company abandoned the option agreement and incurred a write-down of \$272,475.

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Expenditure related to the properties can be summarized as follows:

	Year Ended April 30, 2020	Period from inception to April 30, 2019
	\$	\$
Acquisition		
Balance, beginning	79,820	-
Staking	-	79,820
Write-down	(79,820)	-
Balance, ending	-	79,820
Exploration and Evaluation Cost		
Balance, beginning	174,511	-
Exploration costs	97,964	164,511
Technical report	-	10,000
Write-down	(272,475)	-
Balance, ending	-	174,511
Total	-	254,331

***Selected Annual Information***

	April 30, 2020	April 30, 2019
Total Revenue	\$ -	\$ -
Total Assets	232,532	563,515
Total Non-current Financial Liabilities	-	-
Total liabilities	146,992	-
Distributions and Cash Dividends	-	-

***Results of Operations***

	Year-ended April 30, 2020	Period from Inception (July 25, 2018) to April 30, 2019
Consulting fees	\$ 25,000	\$ 197,724
General and administrative	36,018	23,376
Professional fees	84,255	43,715
Impairment of exploration and evaluation property	352,295	-
Gain on debt settlement	(150,000)	-
Settlement	(250,000)	-
Reversal of flow-through share liability	-	(92,750)
Net loss	\$ 97,568	\$ 172,065

## FEDERAL GOLD CORP. (formerly Vanadium North Resources Inc.)

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Operations during the period from incorporation on July 25, 2018 to April 30, 2019 were primarily related to obtaining the necessary financing in relation to the acquisition of the option to acquire, and initial exploration of, the Valley of Vanadium project. In addition, the Company spent considerable resources on identifying a listing company for a reverse take-over (“RTO”) target, negotiations in relation to the RTO including entering into a share purchase agreement with Regency resulting in expenditures incurred in relation to the RTO transaction including audit fees, legal fees in relation to preparing the share purchase agreement, filing statement and related matters with respect to dealings with the TSX Venture Exchange.

Consulting fees decreased by \$172,724 from \$197,724 to \$25,000 as the Company’s attention was focused on legal matters in relation to the filing of a notice of civil claim filed on June 24, 2019 resulting from the share purchase agreement not closing. The comparative period included extensive consulting fees in relation to financing the Company, identifying target assets including negotiations and due diligence and dealings with the TSX Venture Exchange in relation to closing the share purchase agreement.

General and administrative expenses remained consistent when normalized for the full twelve months ended April 30, 2020 being compared to the nine months ended April 30, 2019.

During period from Incorporation on January 25, 2018 to April 30, 2019, the Company incurred professional fees of \$43,715. These fees were in relation to audit and legal fees related to the listing of the Company on the TSX Venture Exchange via RTO. During the year-ended April 30, 2020, the Company incurred \$84,255 in professional fees which included the remaining time spent on closing the share purchase agreement and, when the share purchase agreement failed to close, retaining legal counsel in anticipation to filing the notice of claim on June 24, 2020 and continuing the relationship until the settlement on November 1, 2020.

During the year-ended April 30, 2020, the Company incurred a write-down in relation to the Valley of Vanadium project in the amount of \$352,295 and completed a settlement on November 1, 2020 whereby the Company won a cash settlement of \$250,000 and a forgiveness of debt of \$150,000. The comparative period did not include such charges but did include a \$92,750 reversal of flow-through share liability as a result of flow through funds being spent during the period.

#### *Summary of Quarterly Results*

The following table sets out selected quarterly information for the eight most recent quarters:

	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Net Income (Loss) for the period	\$ 18,776	\$(62,452)	\$(23,133)	\$(30,759)	\$(121,752)	\$(49,751)	\$(562)	\$ -
Income (Loss) per share	\$ 0.00	\$(0.01)	\$(0.00)	\$(0.01)	\$(0.03)	\$(0.02)	\$(0.00)	\$(0.00)

#### *Liquidity and Capital Resources*

As at April 30, 2020 the Company had current assets of \$73,782 (2019: \$309,184) to settle accounts payable and accrued liabilities of \$129,253 (2019: \$362,668). All of the Company’s financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Historically, the Company’s sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company’s access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

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As at April 30, 2020, the Company had cash and cash equivalents on hand of \$50,514 (2019: \$267,749).

During the year-ended April 30, 2020, cash provided by operating activities was \$39,479 (period ended April 30, 2019: cash used in operating activities of \$93,582), cash used in investing activities was \$256,714 (period ended April 30, 2019: \$254,331) and cash provided by financing activities of \$Nil (period ended April 30, 2019: \$615,662).

The capital resources of the Company as at April 30, 2020 are primarily its cash of \$50,514 and amounts receivable of \$1,317. The Company will require additional financing to fund any anticipated operating expenses, to conduct exploration programs or for future acquisitions. The Company anticipates funding future expenditures through and Initial Public Offering and additional equity subscriptions, such as private placements or through the exercise of warrants and options. In light of the continually changing financial markets, there is no assurance that funding by equity subscriptions will be possible at the times required or for the amounts desired or that it can be obtained on terms acceptable to the Company and its shareholders.

If additional funds are raised through the issuance of equity securities, the percentage ownership of current shareholders will be reduced, and such equity securities may have rights, preferences, or privileges senior to those of the holders of the Company's common stock.

***Off Balance Sheet Arrangements***

As at April 30, 2020, there were no off-balance sheet arrangements to which the Company was committed.

***Transactions with Related Parties***

The Company's key management comprises of its officers and directors. During the year ended April 30, 2020 the Company incurred \$Nil (2019: \$10,000) for capitalized geological consulting services and \$10,000 (2019: \$40,000) for consulting services to a company controlled by an officer and director. During the year ended April 30, 2020, the Company incurred \$Nil (2019: \$49,524) for consulting services from a former director.

Accounts payable as at April 30, 2020 include \$21,024 (2019: \$36,940) payable to a company controlled by an officer and director.

***Fiscal Quarter ended April 30, 2020***

During the three months ended April 30, 2018, the Company incurred operating expenses of \$14,523 including consulting detailed above in the amount of \$37,800, general and administrative fees of \$6,492 and professional fees of \$17,646.

During the fiscal quarter ended January 31, 2019 a reversal of flow through share liability in the amount of \$73,415 was recorded and a provision for deferred tax in the amount of \$26,000 reflects the tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax values.

***Proposed Transactions***

On September 28, 2020, the Company signed a definitive agreement with ZTR Acquisition Corp ("ZTR"), whereby the Company will amalgamate with a wholly-owned subsidiary of the ZTR (the "Business Combination"), following which the resulting amalgamated entity will continue as a wholly-owned subsidiary of the ZTR. In consideration for completion of the Business Combination, all common shareholders of the Company will be entitled to receive one (1) common share of the ZTR in exchange for every one (1) common share of the Company that they hold. ZTR anticipates issuing 35,187,000 common shares (the "Consideration Shares") to complete the acquisition of all of the currently outstanding securities of the Company (not including any shares issuable upon conversion of the subscription receipts issued on September 30, 2020). Certain of the Consideration Shares will be subject to escrow pursuant to the

## **FEDERAL GOLD CORP. (formerly Vanadium North Resources Inc.)**

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policies of the TSX Venture Exchange, in addition to pooling restrictions negotiated by the parties. In connection with completion of the Business Combination, it is anticipated that ZTR will change its name to “Angold Resources Ltd.” and will change its ticker symbol to “AAU”.

On September 30, 2020, the Company issued 20,000,000 subscription receipts for \$8,000,000. Each subscription receipt will convert to one common share of ZTR, subject to the approval of the TSX Venture Exchange, upon the completion of the Business Combination.

#### ***Critical Accounting Estimates***

The Company has outlined the basis of its critical accounting estimates in Note 2 of the April 30, 2020 financial statements.

#### ***Changes in Accounting Policies – International Financial Reporting Standards (“IFRS”)***

The Company has not yet applied the following new standards, interpretations or amendments to standards that have been issued as at April 30, 2019 but are not yet effective. Unless otherwise stated, the Company does not plan to early adopt any of these new or amended standards and interpretations and intends to adopt those standards when they become effective. The Company does not expect the impact of such changes on the financial statements to be material, unless otherwise stated.

#### ***Financial Instruments and Other Instruments***

The Company’s financial instruments are exposed to certain financial risks, including liquidity risk, credit risk and interest rate risk.

##### ***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 requires funds to finance its business development activities. In addition, the Company needs to raise equity financing to carry out its exploration programs. There is no assurance that financing will be available or, if available, that such financings will be on terms acceptable to the Company. Liquidity risk is assessed as high.

##### ***Credit risk***

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company’s primary exposure to credit risk is in its cash. The risk in cash is managed through the use of a major financial institution which has a high credit quality as determined by rating agencies. Credit risk is assessed as low.

##### ***Interest rate risk***

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk.

##### ***Fair values***

The fair values of cash and accounts payable, approximate their carrying values due to the short-term to maturities of these financial instruments.

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*Other MD&A Requirements*

**Share Capital**

The total number of common shares issued and outstanding as at the date of this MD&A is \_\_\_\_\_.

As at the date of this MD&A there were no stock options or warrants outstanding.

**RISK FACTORS AND UNCERTAINTIES**

The Company is in the business of acquiring, exploring and, if warranted, developing and exploiting natural resource properties, currently in British Columbia, Canada. Due to the nature of the Company's business and the present stage of exploration of its mineral properties (which are primarily early stage exploration properties with no known resources or reserves), many risk factors will apply. The risks described below are not the only ones facing the Company. Additional risks not presently known to the Company may also impair the business operations.

**Going Concern and Financing Risks**

The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfill its obligations under any applicable agreements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties.

**Insufficient Financial Resources**

The Company does not presently have sufficient financial resources to meet obligations when they become due, undertake by itself the acquisition, exploration and development of all of its planned acquisition, exploration and development programs. Future property acquisitions and the development of the Company's properties will therefore depend upon the Company's ability to obtain financing through the joint venturing of projects, private placement financing, public financing, short or long term borrowings or other means. There is no assurance that the Company will be successful in obtaining the required financing. Failure to raise the required funds could result in the Company losing, or being required to dispose of, its interest in its properties.

**General Economic Conditions**

The recent events in global financial markets have had a profound impact on the global economy. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect the Company's growth and profitability. These factors could have a material adverse effect on the Company's financial condition and results of operations.

**Risk of Global Outbreaks of Contagious Diseases**

Risk of global outbreaks of contagious diseases, including the outbreak of a novel coronavirus have the potential to significantly and adversely impact operations and business of the Company. On March 11, 2020, the World Health Organization recognized COVID-19 as a global pandemic. The Company is continuously evaluating the uncertainty

## **FEDERAL GOLD CORP. (formerly Vanadium North Resources Inc.)**

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and impact of the outbreak on its ability to operate due to employee absences, the length of travel and quarantine restrictions imposed by governments of affected countries, information technology constraints, government interventions, market volatility, overall economic uncertainty and other factors currently unknown and not anticipated.

There can be no certainty that COVID-19, or other infectious illness, and the restrictive measures implemented to slow the spread of the virus will not materially impact operations or personnel of the the Company. It is not possible to predict the duration or magnitude of the adverse results of the outbreak and its effects on the business of the Company, the results of operations or the ability to raise funds at this time.

#### **Share Price Volatility**

There can be no assurance that an active trading market in our securities will be established and sustained. The market price for our securities could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of our peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the securities of our Company. The stock market has from time to time experienced extreme price and volume fluctuations, particularly in the mining sector, which have often been unrelated to the operating performance of particular companies.

#### **Dependence on Others and Key Personnel**

The success of the Company's operations will depend upon numerous factors, many of which are beyond the Company's control, including (i) the ability to design and carry out appropriate exploration programs on its mineral properties; (ii) the ability to produce minerals from any mineral deposits that may be located; (iii) the ability to attract and retain additional key personnel in exploration, marketing, mine development and finance; and (iv) the ability and the operating resources to develop and maintain the properties held by the Company. There can be no assurance of success with any or all of these factors on which the Company's operations will depend, or that the Company will be successful in finding and retaining the necessary employees, personnel and/or consultants in order to be able to successfully carry out such activities.

#### **Government Regulation**

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to prospecting, development, production, environmental protection, mining taxes, labor standards, property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

#### **Competition**

The Company's business of the acquisition, exploration and development of mineral properties is intensely competitive. The Company may be at a competitive disadvantage in acquiring additional mining properties because it must compete with other individuals and companies, many of which have greater financial resources, operational experience and technical capabilities than the Company. Increased competition could adversely affect the Company's ability to attract necessary capital funding or acquire suitable producing properties or prospects for mineral exploration in the future.

#### **Fluctuation of Metal Prices**

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Even if commercial quantities of mineral deposits are discovered by the Company, there is no guarantee that a profitable market will exist for the sale of the metals produced. There can be no assurance that the price of any commodities will be such that any of the properties in which the Company has, or has the right to acquire, an interest may be mined at a profit.

#### **Title Matters**

Although the Company has taken steps to verify the title to the mineral properties in which it has or has a right to acquire an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee title (whether of the Company or of any underlying vendor(s) from whom the Company may be acquiring its interest). Title to mineral properties may be subject to unregistered prior agreements or transfers and may also be affected by undetected defects or the rights of indigenous peoples. Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties for which titles have been issued are in good standing.

#### **No Resource Estimates/Reserves**

There are no known bodies of commercial minerals on the Company's properties. The exploration programs undertaken and proposed constitute an exploratory search for mineral resources or programs to qualify identified mineralization as mineral resources. There is no assurance that the Company will be successful in its search for mineral resources and mineral reserves.

#### **Limited Experience**

The Company has very limited experience in placing mineral resource 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 other major resource companies that can provide such expertise. There can be no assurance that the Company will have available to it the necessary expertise when and if it places its resource properties into production.

#### **Speculative Business**

Resource exploration and development is a speculative business and involves a high degree of risk, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in size to return a profit from production. The marketability of natural resources that may be acquired or discovered by the Company will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations, the proximity and capacity of natural resource markets, government regulations, including regulations relating to prices, taxes, royalties, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. There is no known resource, and there are no known reserves, on any of the Company's properties.

#### **Permits and Licenses**

The operations of the Company will require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out its projects, on reasonable terms or at all. Delays, or a failure to obtain such licenses and permits, or a failure to comply with the terms of any such licenses and permits that the Company does obtain, could have a material adverse effect on the Company.

#### **Dilution to the Company's Existing Shareholders**

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The Company will require additional equity financing to be raised in the future. The Company may issue securities at less than favorable terms to raise sufficient capital to fund its business plan. Any transaction involving the issuance of equity securities or securities convertible into common shares would result in dilution, possibly substantial, to present and prospective holders of common shares.

**Completion of the Business Combination**

Completion of the Business Combination is subject to, among other things, the acceptance of the TSX Venture Exchange and the receipt of all necessary regulatory approvals. 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. In the event that any of those conditions are not satisfied or waived, the Business Combination may not be completed. 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 the Company. In addition, there are other risks associated with the Business Combination including (i) market reaction to the Business Combination; and (ii) uncertainty as to whether the Business Combination will have a positive impact on the entities involved therein.

## **FEDERAL GOLD CORP. (formerly Vanadium North Resources Inc.)**

### **Management Discussion and Analysis**

#### **For the three months-ended July 31, 2020 and 2019**

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This Management Discussion and Analysis (“MD&A”) of Federal Gold Corp. (formerly Vanadium North Resources Inc.) (the “Company”) has been prepared by management as of October 28, 2020.

This MD&A may contain “forward-looking statements” which reflect the Company’s current expectations regarding the future results of operations, performance and achievements of the Company. The Company has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as “anticipate,” “believe,” “estimate,” “expect” and similar expressions. The statements reflect the current beliefs of the management of the Company, and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Company to differ materially from those expressed in, or implied by, these statements. Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

This MD&A is dated as of October 28, 2020 and should be read in conjunction with the unaudited financial statements of the Company for the quarters ended July 31, 2020 and 2019. The July 31, 2020 and 2019 Financial Statements are prepared in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board. Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”), have been omitted or condensed. Unless expressly stated otherwise, all financial information is presented in Canadian dollars.

The financial statements were approved by the Board of Directors of the Company on October 28, 2020.

#### **Nature of Business**

The Company was incorporated under the Business Corporations Act (British Columbia) on July 25, 2018.

The Company’s principal business activity is the exploration of mineral properties. The Company currently conducts substantially all of its operations in Canada in one business segment. The head office and principal address of the Company is located at Suite 900, 1021 West Hastings Street, Vancouver, BC V6E 0C3.

On July 31, 2018 (amended on February 28, 2019, see below), the Company entered into an option to purchase agreement pursuant to which it had the option to acquire a 100% interest, subject to a net smelter royalty of 2% (reducible to 1% with a \$1,000,000 payment), in seven claims in the Northwest Territories (the “Vanadium Property”). In order to exercise the option, the Company was required to deliver to the vendor shares representing 19.9% of the issued and outstanding shares at the conclusion of a go-public transaction, incur \$90,000 of expenditures prior to November 1, 2018 and maintain all mining claims in good standing until December 21, 2019 by completing assessment filings or make cash-in-lieu payments with the Northwest Territories Mining Recorder on or before December 15, 2018. On February 8, 2019, the Company entered into a share purchase agreement with Regency Gold Corp. (“Regency”), whereby Regency would acquire 100% of the common shares of the Company in exchange for 13,995,985 common shares of Regency. In the same agreement, the Optionor of the property agreed to receive 7,500,000 common shares of Regency to satisfy the obligations to issue 19.9% of the issued and outstanding shares. The share purchase agreement did not complete and the Company, on June 24, 2019, filed a notice of civil claim whereby the Company was the plaintiff and Regency was the defendant. On November 1, 2019, the claim was settled through a mutual release and settlement agreement whereby the Company received \$250,000 and the loan payable of \$150,000 was forgiven. During the year-ended April 30, 2020, the Company determined that it would not be proceeding with the exploration of the Vanadium Property.

During the year-ended April 30, 2020, the Company staked 260 claims in Ontario, Canada. Together these claims have been described as the Uchi property.

## **FEDERAL GOLD CORP. (formerly Vanadium North Resources Inc.)**

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#### **For the three months-ended July 31, 2020 and 2019**

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On July 1, 2020, the Company completed a consolidation of its common shares on a 1 new for 2.6 old basis. The result of the consolidation is that the Company has 5,000,000 common shares issued and outstanding as at July 1, 2020. The number of shares presented in the MD&A reflect this consolidation.

On July 25, 2020, the Company entered into a property option agreement whereby the Company has the option to acquire a 100% interest in the Iron Butte Property (subject to a net smelter royalty). To earn the option, the Company must pay USD\$1,320,000 and issue common shares worth USD \$252,750 over 6 years. In addition, within 180 days of the effective date the Company is required to complete a public listing and upon the listing issue 187,500 common shares.

On August 9, 2020, the Company acquired 100% of the issued and outstanding shares of TY & Sons Explorations (Chile) Inc. in exchange for USD \$210,000. TY & Sons Explorations (Chile) Inc. owns two groups of concessions in Chile including the Nevada and Lajitas and Dorado claims.

On September 28, 2020, the Company signed a definitive agreement with ZTR Acquisition Corp (“ZTR”), whereby the Company will amalgamate with a wholly-owned subsidiary of the ZTR (the “Business Combination”), following which the resulting amalgamated entity will continue as a wholly-owned subsidiary of the ZTR. In consideration for completion of the Business Combination, all common shareholders of the Company will be entitled to receive one (1) common share of the ZTR in exchange for every one (1) common share of the Company that they hold. ZTR anticipates issuing 35,187,000 common shares (the “Consideration Shares”) to complete the acquisition of all of the currently outstanding securities of the Company (not including any shares issuable upon conversion of the subscription receipts issued on September 30, 2020). Certain of the Consideration Shares will be subject to escrow pursuant to the policies of the TSX Venture Exchange, in addition to pooling restrictions negotiated by the parties. In connection with completion of the Business Combination, it is anticipated that ZTR will change its name to “Angold Resources Ltd.” and will change its ticker symbol to “AAU”.

The Company has never generated revenue or positive cash flows from operations. For the three months ended July 31, 2020, the Company reported a net loss of \$20,139, cash from operating activities of \$2,444 and has an accumulated deficit of \$289,772. This raises significant doubt about the Company’s ability to continue as a going concern. The Company’s ability to continue its operations as intended are dependent on its ability to obtain necessary financing and raise capital sufficient to cover its operating costs.

#### **Financings**

On July 25, 2018, the Company issued 6,000,000 common shares at \$0.005 for gross proceeds of \$30,000.

On November 1, 2018, the Company issued 3,290,000 common shares at \$0.05 for gross proceeds of \$164,500.

On December 10, 2018, the Company issued 2,860,000 flow through shares at \$0.075 for gross proceeds of \$214,500.

On December 18, 2018, the Company issued 850,000 flow through shares at \$0.075 for gross proceeds of \$63,750.

On July 7, 2020, the Company issued 13,975,000 common shares at \$0.01 per common share for proceeds of \$139,750.

On August 7, 2020, the Company issued 11,025,000 common shares at \$0.05 per common share for proceeds of \$551,250.

On August 18, 2020, the Company issued 4,000,000 common shares at \$0.20 per common share for proceeds of \$800,000.

**FEDERAL GOLD CORP. (formerly Vanadium North Resources Inc.)**

**Management Discussion and Analysis**

**For the three months-ended July 31, 2020 and 2019**

On September 30, 2020, the Company issued 20,000,000 subscription receipts for \$8,000,000. Each subscription receipt will convert to one common share of ZTR, subject to the approval of the TSX Venture Exchange, upon the completion of the Business Combination.

**Uchi Property**

	\$
Acquisition	
Balance, April 30, 2019	-
Staking	13,000
Balance, April 30, 2020 and July 31, 2020	13,000
Exploration and Evaluation Cost	
Balance, April 30, 2019	-
Geophysical survey	132,250
Consulting fees	13,500
Balance, April 30, 2020 and July 31, 2020	145,750
Total, April 30, 2020 and July 31, 2020	158,750

**Valley of Vanadium Project, Northwest Territories**

On July 30, 2018, the Company entered into the Option Agreement with the Optionor and Archer, Cathro & Associates (1981) Limited, pursuant to which the Company was granted the sole and exclusive option to acquire 100% of the rights and interests in the Valley of Vanadium Project, subject to a 2% net smelter return royalty (reducible to 1% with a \$1,000,000 payment) in favour of the Optionor. On February 28, 2019, the Optionor, Archer, Cathro & Associates (1981) Limited, the Company and Regency entered into the Amending Agreement in order to facilitate the completion of the transactions contemplated by the Option Agreement.

In order to exercise its option, the Company was required to:

- Cause to be delivered to the Optionor 7,500,000 Property Shares on Closing of the Transaction.
- Incur minimum expenditures on the Valley of Vanadium Project of not less than an aggregate of \$90,000 on or before November 1, 2018 (complete).
- Maintain all mining claims comprising the Valley of Vanadium Project in good standing until December 21, 2019 by completing all assessment filings or making cash-in-lieu payments with the Northwest Territories Mining Recorder on or before December 15, 2018 (complete).

As a result of the Company being unable to complete the share purchase agreement, the Company abandoned the option agreement and incurred a write-down of \$272,475.

**FEDERAL GOLD CORP. (formerly Vanadium North Resources Inc.)****Management Discussion and Analysis****For the three months-ended July 31, 2020 and 2019**

Expenditure related to the properties can be summarized as follows:

	\$
Acquisition	
Balance, April 30, 2019	79,820
Staking	-
Write-down	(79,820)
<b>Balance, April 30, 2020, and July 31, 2020</b>	<b>-</b>
Exploration and Evaluation Cost	
Balance, April 30, 2019	174,511
Exploration costs	97,964
Technical report	-
Write-down	(272,475)
<b>Balance, April 30, 2020, and July 31, 2020</b>	<b>-</b>
<b>Total, April 30, and July 31, 2020</b>	<b>-</b>

**Iron Butte Property**

On July 25, 2020, the Company entered into a property option agreement whereby the Company has the option to acquire a 100% interest in the Iron Butte Property (subject to a net smelter royalty). To earn the option, the Company must pay USD\$1,320,000 (US\$20,000 paid subsequently) and issue common shares worth USD\$252,750 over 6 years. In addition, within 180 days of the effective date of July 25, 2020 the Company is required to complete a public listing and upon the listing issue 187,500 common shares.

	Iron Butte Property	\$
Exploration and Evaluation Cost		
Balance, April 30, 2020		-
Geological Consulting		5,210
<b>Total, July 31, 2020</b>		<b>5,210</b>

**Results of Operations**

	Three Months Ended July 31, 2020	Three Months Ended July 31, 2019
Consulting fees	\$ -	\$ 20,000
General and administrative	5,139	23,691
Professional fees	15,000	13,003
<b>Net loss</b>	<b>\$ 20,139</b>	<b>\$ 56,694</b>

## FEDERAL GOLD CORP. (formerly Vanadium North Resources Inc.)

### Management Discussion and Analysis

#### For the three months-ended July 31, 2020 and 2019

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The Company did not incur consulting fees during the three months ended July 31, 2020 as the Company did not have activity to warrant such activities. During the three months ended July 31, 2019, the Company incurred \$20,000 in consulting fees in relation to the RTO transaction.

General and administrative expenses decreased by \$18,552 when comparing the three months ended July 31, 2020 to the three months ended July 31, 2019. This is a result of the Company having less operating activities during the period.

Professional fees increased \$1,997 from \$13,003 during the three months ended July 31, 2019 to \$15,000 during the three months ended July 31, 2020.

#### *Summary of Quarterly Results*

The following table sets out selected quarterly information for the eight most recent quarters:

	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Net Income (Loss) for the period	\$20,139	\$18,776	\$(62,452)	\$(23,133)	\$(30,759)	\$(121,752)	\$(49,751)	\$(562)
Income (Loss) per share	\$ 0.00	\$0.00	\$(0.01)	\$(0.00)	\$(0.01)	\$(0.03)	\$(0.02)	\$(0.00)

#### *Liquidity and Capital Resources*

As at July 31, 2020 the Company had current assets of \$210,766 (April 30, 2020: \$73,782) to settle accounts payable and accrued liabilities of \$152,586 (April 30, 2020: \$129,253). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

As at July 31, 2020, the Company had cash and cash equivalents on hand of \$47,748 (April 30, 2020: \$50,514).

During the three months-ended July 31, 2020, cash provided by operating activities was \$2,444 (2019: 3,948) and cash used in investing activities was \$5,210 (2019: \$74,306).

The capital resources of the Company as at July 31, 2020 are primarily its cash of \$47,748 and amounts receivable of \$163,018. The Company will require additional financing to fund any anticipated operating expenses, to conduct exploration programs or for future acquisitions. The Company anticipates funding future expenditures through and Initial Public Offering and additional equity subscriptions, such as private placements or through the exercise of warrants and options. In light of the continually changing financial markets, there is no assurance that funding by equity subscriptions will be possible at the times required or for the amounts desired or that it can be obtained on terms acceptable to the Company and its shareholders.

If additional funds are raised through the issuance of equity securities, the percentage ownership of current shareholders will be reduced, and such equity securities may have rights, preferences, or privileges senior to those of the holders of the Company's common stock.

**FEDERAL GOLD CORP. (formerly Vanadium North Resources Inc.)**  
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**For the three months-ended July 31, 2020 and 2019**

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***Off Balance Sheet Arrangements***

As at July 31, 2020, there were no off-balance sheet arrangements to which the Company was committed.

***Transactions with Related Parties***

The Company's key management comprises of its officers and directors. During the three months ended July 31, 2020 the Company incurred \$Nil (2019: \$10,000) for consulting services from a former director.

Accounts payable as at July 31, 2020 include \$21,024 (April 30, 2020: \$21,024) payable to a company controlled by an officer and director.

***Proposed Transactions***

On September 28, 2020, the Company signed a definitive agreement with ZTR Acquisition Corp ("ZTR"), whereby the Company will amalgamate with a wholly-owned subsidiary of the ZTR (the "Business Combination"), following which the resulting amalgamated entity will continue as a wholly-owned subsidiary of the ZTR. In consideration for completion of the Business Combination, all common shareholders of the Company will be entitled to receive one (1) common share of the ZTR in exchange for every one (1) common share of the Company that they hold. ZTR anticipates issuing 35,187,000 common shares (the "Consideration Shares") to complete the acquisition of all of the currently outstanding securities of the Company (not including any shares issuable upon conversion of the subscription receipts issued on September 30, 2020). Certain of the Consideration Shares will be subject to escrow pursuant to the policies of the TSX Venture Exchange, in addition to pooling restrictions negotiated by the parties. In connection with completion of the Business Combination, it is anticipated that ZTR will change its name to "Angold Resources Ltd." and will change its ticker symbol to "AAU".

On September 30, 2020, the Company issued 20,000,000 subscription receipts for \$8,000,000. Each subscription receipt will convert to one common share of ZTR, subject to the approval of the TSX Venture Exchange, upon the completion of the Business Combination.

***Critical Accounting Estimates***

The Company has outlined the basis of its critical accounting estimates in Note 2 of the April 30, 2020 financial statements.

***Changes in Accounting Policies – International Financial Reporting Standards ("IFRS")***

The Company has not yet applied the following new standards, interpretations or amendments to standards that have been issued as at April 30, 2019 but are not yet effective. Unless otherwise stated, the Company does not plan to early adopt any of these new or amended standards and interpretations and intends to adopt those standards when they become effective. The Company does not expect the impact of such changes on the financial statements to be material, unless otherwise stated.

***Financial Instruments and Other Instruments***

The Company's financial instruments are exposed to certain financial risks, including liquidity risk, credit risk and interest rate risk.

***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 requires funds to finance its business development activities. In addition, the Company needs to raise equity financing to carry out its exploration programs. There is no assurance that financing will be available or, if available, that such financings will be on terms acceptable to the Company. Liquidity risk is assessed as high.

## **FEDERAL GOLD CORP. (formerly Vanadium North Resources Inc.)**

### **Management Discussion and Analysis**

**For the three months-ended July 31, 2020 and 2019**

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#### *Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is in its cash. The risk in cash is managed through the use of a major financial institution which has a high credit quality as determined by rating agencies. Credit risk is assessed as low.

#### *Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk.

#### *Fair values*

The fair values of cash and accounts payable, approximate their carrying values due to the short-term to maturities of these financial instruments.

#### **Other MD&A Requirements**

##### **Share Capital**

The total number of common shares issued and outstanding as at the date of this MD&A is 18,975,000.

As at the date of this MD&A there were no stock options or warrants outstanding.

#### **RISK FACTORS AND UNCERTAINTIES**

The Company is in the business of acquiring, exploring and, if warranted, developing and exploiting natural resource properties, currently in British Columbia, Canada. Due to the nature of the Company's business and the present stage of exploration of its mineral properties (which are primarily early stage exploration properties with no known resources or reserves), many risk factors will apply. The risks described below are not the only ones facing the Company. Additional risks not presently known to the Company may also impair the business operations.

##### **Going Concern and Financing Risks**

The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfill its obligations under any applicable agreements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties.

##### **Insufficient Financial Resources**

The Company does not presently have sufficient financial resources to meet obligations when they become due, undertake by itself the acquisition, exploration and development of all of its planned acquisition, exploration and development programs. Future property acquisitions and the development of the Company's properties will therefore depend upon the Company's ability to obtain financing through the joint venturing of projects, private placement

## **FEDERAL GOLD CORP. (formerly Vanadium North Resources Inc.)**

### **Management Discussion and Analysis**

#### **For the three months-ended July 31, 2020 and 2019**

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financing, public financing, short or long term borrowings or other means. There is no assurance that the Company will be successful in obtaining the required financing. Failure to raise the required funds could result in the Company losing, or being required to dispose of, its interest in its properties.

#### **General Economic Conditions**

The recent events in global financial markets have had a profound impact on the global economy. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect the Company's growth and profitability. These factors could have a material adverse effect on the Company's financial condition and results of operations.

#### **Risk of Global Outbreaks of Contagious Diseases**

Risk of global outbreaks of contagious diseases, including the outbreak of a novel coronavirus have the potential to significantly and adversely impact operations and business of the Company. On March 11, 2020, the World Health Organization recognized COVID-19 as a global pandemic. The Company is continuously evaluating the uncertainty and impact of the outbreak on its ability to operate due to employee absences, the length of travel and quarantine restrictions imposed by governments of affected countries, information technology constraints, government interventions, market volatility, overall economic uncertainty and other factors currently unknown and not anticipated.

There can be no certainty that COVID-19, or other infectious illness, and the restrictive measures implemented to slow the spread of the virus will not materially impact operations or personnel of the the Company. It is not possible to predict the duration or magnitude of the adverse results of the outbreak and its effects on the business of the Company, the results of operations or the ability to raise funds at this time.

#### **Share Price Volatility**

There can be no assurance that an active trading market in our securities will be established and sustained. The market price for our securities could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of our peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the securities of our Company. The stock market has from time to time experienced extreme price and volume fluctuations, particularly in the mining sector, which have often been unrelated to the operating performance of particular companies.

#### **Dependence on Others and Key Personnel**

The success of the Company's operations will depend upon numerous factors, many of which are beyond the Company's control, including (i) the ability to design and carry out appropriate exploration programs on its mineral properties; (ii) the ability to produce minerals from any mineral deposits that may be located; (iii) the ability to attract and retain additional key personnel in exploration, marketing, mine development and finance; and (iv) the ability and the operating resources to develop and maintain the properties held by the Company. There can be no assurance of success with any or all of these factors on which the Company's operations will depend, or that the Company will be successful in finding and retaining the necessary employees, personnel and/or consultants in order to be able to successfully carry out such activities.

#### **Government Regulation**

## **FEDERAL GOLD CORP. (formerly Vanadium North Resources Inc.)**

### **Management Discussion and Analysis**

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The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to prospecting, development, production, environmental protection, mining taxes, labor standards, property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

#### **Competition**

The Company's business of the acquisition, exploration and development of mineral properties is intensely competitive. The Company may be at a competitive disadvantage in acquiring additional mining properties because it must compete with other individuals and companies, many of which have greater financial resources, operational experience and technical capabilities than the Company. Increased competition could adversely affect the Company's ability to attract necessary capital funding or acquire suitable producing properties or prospects for mineral exploration in the future.

#### **Fluctuation of Metal Prices**

Even if commercial quantities of mineral deposits are discovered by the Company, there is no guarantee that a profitable market will exist for the sale of the metals produced. There can be no assurance that the price of any commodities will be such that any of the properties in which the Company has, or has the right to acquire, an interest may be mined at a profit.

#### **Title Matters**

Although the Company has taken steps to verify the title to the mineral properties in which it has or has a right to acquire an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee title (whether of the Company or of any underlying vendor(s) from whom the Company may be acquiring its interest). Title to mineral properties may be subject to unregistered prior agreements or transfers and may also be affected by undetected defects or the rights of indigenous peoples. Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties for which titles have been issued are in good standing.

#### **No Resource Estimates/Reserves**

There are no known bodies of commercial minerals on the Company's properties. The exploration programs undertaken and proposed constitute an exploratory search for mineral resources or programs to qualify identified mineralization as mineral resources. There is no assurance that the Company will be successful in its search for mineral resources and mineral reserves.

#### **Limited Experience**

The Company has very limited experience in placing mineral resource 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 other major resource companies that can provide such expertise. There can be no assurance that the Company will have available to it the necessary expertise when and if it places its resource properties into production.

#### **Speculative Business**

## **FEDERAL GOLD CORP. (formerly Vanadium North Resources Inc.)**

### **Management Discussion and Analysis**

**For the three months-ended July 31, 2020 and 2019**

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Resource exploration and development is a speculative business and involves a high degree of risk, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in size to return a profit from production. The marketability of natural resources that may be acquired or discovered by the Company will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations, the proximity and capacity of natural resource markets, government regulations, including regulations relating to prices, taxes, royalties, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. There is no known resource, and there are no known reserves, on any of the Company's properties.

#### **Permits and Licenses**

The operations of the Company will require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out its projects, on reasonable terms or at all. Delays, or a failure to obtain such licenses and permits, or a failure to comply with the terms of any such licenses and permits that the Company does obtain, could have a material adverse effect on the Company.

#### **Dilution to the Company's Existing Shareholders**

The Company will require additional equity financing to be raised in the future. The Company may issue securities at less than favorable terms to raise sufficient capital to fund its business plan. Any transaction involving the issuance of equity securities or securities convertible into common shares would result in dilution, possibly substantial, to present and prospective holders of common shares.

#### **Completion of the Business Combination**

Completion of the Business Combination is subject to, among other things, the acceptance of the TSX Venture Exchange and the receipt of all necessary regulatory approvals. 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. In the event that any of those conditions are not satisfied or waived, the Business Combination may not be completed. 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 the Company. In addition, there are other risks associated with the Business Combination including (i) market reaction to the Business Combination; and (ii) uncertainty as to whether the Business Combination will have a positive impact on the entities involved therein.

**CERTIFICATE OF ZTR**

The foregoing document constitutes full, true and plain disclosure of all material facts relating to the securities of ZTR assuming completion of the Transaction.

DATED December 18, 2020

*“Martin Bajic”*

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Martin Bajic, President, Chief Executive  
Officer and Chief Financial Officer

**ON BEHALF OF THE BOARD OF DIRECTORS OF ZTR**

*“Gavin Cooper”*

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Gavin Cooper, Director

*“Phillip Rand”*

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Phillip Rand, Director

**CERTIFICATE OF FEDERAL GOLD**

The foregoing document as it relates to Federal Gold constitutes full, true and plain disclosure of all material facts relating to the securities of Federal Gold.

DATED December 18, 2020

*“Galen McNamara”*

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Galen McNamara, President

**ON BEHALF OF THE BOARD OF DIRECTORS OF FEDERAL GOLD**

*“Galen McNamara”*

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Galen McNamara, Director

## **ACKNOWLEDGEMENT – PERSONAL INFORMATION**

“Personal Information” means any information about an identifiable individual, and includes information contained in any Items in the attached filing statement 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 the Exchange Form 3D2, as applicable.

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 TSX-V (as defined in Appendix 6B) pursuant to the Form 3D2; and
- (b) the collection, use and disclosure of Personal Information by the TSX-V for the purposes described in Appendix 6B or as otherwise identified by the TSX-V, from time to time.

### **ON BEHALF OF ZTR**

*“Martin Bajic”*

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Martin Bajic, President, CEO and CFO