

MANAGEMENT DISCUSSION AND ANALYSIS

Accompanying the December 31, 2020 Consolidated Financial Statements

This Management Discussion and Analysis (“MD&A”) prepared as of April 30, 2021, should be read in conjunction with the Company’s consolidated financial statements and the accompanying notes for the year ended December 31, 2020 and related notes thereto, which have been reported in Canadian dollars, and prepared in accordance with International Financial Reporting Standards (“IFRS”).

This discussion relates to the operations of Transatlantic Mining Corp. (“Transatlantic” or the “Company”), and its wholly-owned subsidiaries during the period up to the date of this report, being April 30, 2021.

Additional information, including press releases, has been filed electronically through the System for Electronic Document Analysis and Retrieval (“**SEDAR**”) and is available under the Company’s profile at www.sedar.com.

FORWARD-LOOKING INFORMATION

This MD&A contains certain forward-looking statements and information relating to the Company that are based on the beliefs of management as well as assumptions made by and information currently available to the Company. When used in this document, the words “*anticipate*”, “*believe*”, “*estimate*”, “*expect*” and similar expressions, as they relate to the Company or management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration and development of exploration properties. Such statements reflect the current views of management with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management’s analysis only as of the date hereof. Readers should be aware that the Company is under no obligation to publicly release the results of any revision to these forward-looking statements, which may not reflect circumstances, or occurrences of unanticipated events after the date of this document.

CORPORATE OVERVIEW

The Company was amalgamated under the *Business Corporations Act* (British Columbia) by Certificate of Amalgamation dated January 28, 2011.

The Company is engaged in the acquisition and development of mineral property interests with a view to adding value to them through exploration and development activity. The Company's registered and head office is located at Suite 400 - 837 West Hastings Street, Vancouver, BC V6C 3N6.

The Company's main activities are summarized below on the Projects:

As of December 31, 2020:

- Miller Mine: Drill planning and permitting with an exclusive Option to purchase Agreement
 - Historical Hole Jericho DD Hole #1 -- **2.4 m** at **516 g/t Au**
Hole #2 -- **1.5 m** at **8.6 g/t Au**
 - Hand specimens have been collected on the level indicating **visible gold** in sample.
 - Further assays on the existing level indicated gold mineralization of **9.57 g/t Au** over a **1.2 m true width** and plus 100 m of strike exposed on the level.
 - Drilling continued down dip to intersect the primary quartz vein and granodiorite position and successfully **intersected the vein a further 350 metres down dip** and still open with multiple and new veins intersected.
 - The Lower level mine development had additional samples undertaken on the quartz vein remnant and are awaiting assays near the historical production recording 7.1 oz/ton Au.
 - A gravity concentrate of the tails and mid tails have been sent to a third party for extraction kinetics and analysis which had an original treated head **grade of 2021 g/t Au** (65 oz /ton Au).
- Miller Mine Gold Project: The agreement entered into the exercise option on December 21, 2020, towards acquiring 100% of the Miller Mine.
- Monitor Copper / Gold Project Joint Venture: TCO 80% Amcor 20% continues with further works planned for the Spring in 2021. The main targets to access and review further are the Big Elk and Monitor/Richmond high grade 6-15% Copper with associated gold Vein structural targets.
- Business Development: The Company continued to undertake due diligence activities on multiple properties during the period including the Golden Jubilee Gold Project.
- The Company closed its Sale Agreement with Endomines for the US Grant and Kearsarge mineral rights.

At the end of the year, the share structure for the Company was 83,639,916 common shares.

On July 4, 2014, the Company entered into an agreement with an arm's-length party to dispose of its Gnaweeda Gold Project, comprising interests in five tenements in Western Australia. Some milestone payments have already been paid to TCO and reported previously. The Company is further entitled to receive AUD\$250,000 for every consecutive 50,000 ounces of poured gold sourced from the property, capped at 200,000 ounces of poured gold for a total of AUD\$1,000,000.

On September 24, 2020, the Company closed the sale of U.S. Grant Mine and Mill and lease assignment for the Kearsarge Gold project (the “assets”) including the property and equipment located in the assets.

On December 14, 2020, the Company entered into a letter of intent with Teras Resources Inc. to purchase Golden Jubilee Project.

The Company’s shares trade on the TSX Venture Exchange (“**TSX.V**”) under the symbol “TCO”.

MANAGEMENT CHANGES

On November 30, 2020, Kenneth Tollstam has retired and resigned as Chief Financial Officer of the Company. In the interim, the Company appointed Bernie Sostak as Chief Financial Officer of the Company.

OVERALL PERFORMANCE / DISCUSSION OF OPERATIONS

The Company’s business is the acquisition, financing, and exploration of prospective mineral properties in areas of low political risk, close to support facilities and with ready, all weather access to support future mine development in the district.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, 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.

The Company had purchased the Alder Mountain (US Grant) Gold Project and title in Madison County in Montana in the USA effective August 28, 2017 and has now completed the sale to Endomines in conjunction with rights to the Kearsarge Gold Project. It has also met expenditure commitments to acquire an 80% interest (plus) in a Mining Lease on the Monitor Copper Gold Project in the Coeur D’Alene Mining District, Idaho effective December 31, 2017. Whilst this milestone has been met, subsequent expenditures will earn additional equity ownership in the project or reimbursement of a proportion of monies on a pro rata basis. The Company continues to progress the Miller Mine option to purchase and the continued diligence on a number of properties in the district.

Monitor Property

On February 5, 2013, as amended on March 12, 2015, the Company entered into an option and joint venture agreement with American Cordillera Mining Corporation (“AMCOR”), and Northern Adventures LLC (“NALLC”) whereby it has the right to earn 80% of AMCOR’s 100% leasehold interest in a Purchase Option Mining Lease Agreement between AMCOR and NALLC on the Monitor Property (the “Property”), located in Idaho, USA. In order for the Company to earn the 80% interest in the Property, subject to certain underlying royalties, the Company must:

- (i) pay US\$25,000 in cash (paid);
- (ii) incur property expenditures of US\$2,100,000 over three years (completed); and

(iii) issue 400,000 common shares of the Company in stages, all of which have been issued in prior years.

In exchange for the amendment, the Company paid additional consideration of 150,000 common shares (issued at a fair value of \$30,000 in previous year) and US\$25,000 cash (paid in previous year).

The Company shall have the right to exercise a buyout clause and thereby purchase a 100% interest in the Property from NALLC, and thereby terminate the Purchase Option Mining Lease Agreement. Upon exercise of this buy-out option, AMCOR shall be obligated to contribute 20% of the cost of the acquisition of the Property.

If the Company exercises the option, AMCOR shall receive a 20% carried interest until such time as the earlier of:

- (i) a NI 43-101 compliant Feasibility Study is completed; and
- (ii) the Company has notified AMCOR in writing of its decision to proceed with mining of the property.

At this time, a joint venture shall automatically be deemed to be formed between the Company and AMCOR, where AMCOR will hold a 20% joint venture interest and the Company will hold an 80% joint venture interest in the Monitor claims.

The Company has focused on getting the drill permits ready for new drill programs and metallurgical testing of mineralized rock coming from the St. Lawrence and Monitor properties but with higher priority activities placed on the gold assets.

One future option for treating mineralized materials from the Monitor is to utilize and send it to the US Grant processing facility, which has an existing flotation circuit that has been upgraded and commissioned by Transatlantic.

St. Lawrence Property

On June 25, 2015, the Company entered into a Lease Agreement for a parcel of land (the “St. Lawrence Property”) on the Montana/Idaho border. The term of the lease is for 25 years, with an option to renew for a further 25 years. As consideration, the Company must issue 130,000 common shares of the Company (issued with a fair value \$19,500) and a 1% net smelter returns (“NSR”) royalty from any production from the Monitor Property and St. Lawrence Property.

The Company is obligated to pay an annual maintenance fee of US\$10,000 upon the execution of the Lease Agreement (paid) and upon each anniversary date of the Lease Agreement. The landowner may terminate the Lease Agreement after seven years if the Company has not paid during that period NSR or equivalent cash payments totaling at least US\$150,000.

The landowner may also terminate the lease after three years if the Company has not incurred by that time at least US\$100,000 in expenditures on the St. Lawrence Property. As at December 31, 2020, the Company incurred \$153,076 (2019 - \$84,137) in accumulated expenditures related to St. Lawrence Property.

As of December 31, 2020, the Company has paid all required lease payments for 2018 and 2019

and had an outstanding amount owing to the landowner of US\$10,000 for the 2020 year end, settled subsequent to year end.

At December 31, 2020, the Company has a refundable performance bond of \$14,705 (US\$10,260) (2019 - \$14,705) for security of drilling activity requirements for the property.

During the year, site clean up commenced where trespassers had entered the site area and disturbed the working areas.

Alder Mountain Project

On January 18, 2016, the Company entered into a Mining Lease and Option to Purchase Agreement to lease the U.S. Grant Mine located in the County of Madison, Montana, for an initial term of 4 months, commencing January 18, 2016 until May 17, 2016. The Company was obligated to pay a non-refundable rent of US\$50,000 prior to the initial term (paid). The Company extended the initial term for an additional 12 months to May 18, 2017 for rent of US\$25,000 per month. Such rent payments will be applied to the purchase price. If after the initial and extension term, the Company had not exercised its option to purchase, the agreement would terminate.

At any time during the initial and extension term, the Company may exercise its option to purchase the U.S. Grant Mine for a purchase price of US\$6,000,000. The purchase price shall be paid in installments, less rent payments noted above, as follows:

- US\$2,000,000 upon closing of the purchase (paid);
- US\$2,000,000 one year after the date of closing of the purchase; and
- US\$2,000,000 two years after the date of closing.

On August 28, 2017, the Company received TSXV approval to close its acquisition of the U.S. Grant Mine. The remaining payments were secured by a mortgage on the property in favour of the vendors. On August 28, 2017, the short and long-term portions of the obligation were discounted to US\$1,882,132 from US\$1,995,060 and US\$1,779,993 from US\$2,000,000, respectively, at a 6% discount rate and were being accreted up to the face values over the term of the debt.

On August 23, 2018, the Company's wholly owned subsidiary, Transatlantic Montana Corp., received a notice of default regarding its scheduled US\$2,000,000 mortgage payment due on the U.S. Grant property.

On November 5, 2019, Transatlantic Montana Corp. entered into amended and restated purchase and sale agreement (the "Agreement") with Madison Mining Corporation, Elite Property CA and Carmen Renee Dugan (the "Sellers"). Under the amended agreement, the balance of the purchase price is payable as follows:

- US\$500,000 shall be paid on or before January 7, 2020 (paid);
- US\$500,000 shall be paid on or before July 1, 2020 (paid); and
- US\$3,250,000 shall be paid on or before January 31, 2021 (assumed by purchaser on sale of property).

During the year ended December 31, 2019, the remaining payments of the purchase price were discounted to \$5,228,336 (US\$4,025,513) from \$5,519,899 (US\$4,250,000), at a 6% discount rate

and were being accreted up to the face values over the term of the debt. The Company recognized a gain on debt modification of \$9,020 (US\$6,945) in the consolidated statement of comprehensive loss during the year ended December 31, 2019. The remaining payments were secured by a mortgage on the property in favour of the vendors.

On April 21, 2020, the Company entered into an agreement with Endomines Idaho, LLC (“Endomines”) to sell the U.S. Grant Mine and Mill. On September 24, 2020, the Company closed the sale of U.S. Grant Mine and Mill and recognized a gain on sale of properties in the consolidated statement of comprehensive income (loss). Pursuant to the agreement, Endomines assumed all the obligations post July 31, 2020.

During the year ended December 31, 2020, the Company paid \$651,300 (US\$500,000) to the Seller of U.S. Grant Mine and Mill. During the year ended December 31, 2020, the Company recorded accretion expense of \$154,510 (US\$113,191) (2019 - \$42,874 (US\$32,311)). As at December 31, 2020, the outstanding balance of the loan was \$Nil (2019 - \$5,228,336 (US\$4,025,513)).

At December 31, 2020, the Company has refundable performance bonds of \$36,345 (US\$27,439) (2019 - \$36,345) for security of drilling activity and tails dam requirements for the property.

Kearsarge Gold Project

On May 4, 2017, the Company entered into an exclusive agreement to lease and purchase the Kearsarge claim group (“KCG”) in Madison country in the state of Montana. These claims are approximately four miles from the U.S. Grant Mine. The Company may extend the initial term for up to an additional 12 months to December 31, 2018 for rent of US\$40,000 (paid). The Company can then extend the agreement for a second renewal term to December 31, 2028 for rent of US\$8,333 per month until the Company reaches commercial production of a minimum of 30,000 ore tons per month, after which the rent will increase based on production. Such rent payments will be applied to the purchase price. At any time during the initial and extension term, the Company may exercise its option to purchase the KCG for a purchase price of US\$6,000,000, less rent payments and US\$60,000 paid to the claim owner for personal property.

On March 11, 2019, the Company’s new drilling has confirmed that gold mineralization continues strong below the Kearsarge Mine at the Kearsarge Gold Project on which the Company has acquired an exclusive option to purchase. Hole KSRC_18_03 hole intersected significant mineralization, 20 metres at 8.64 g/t Au below the lowest level (6900 Feet level) in concert with previous mine development and drillhole intersections and within 40 m (120 feet) from surface on the northern end of the “Initial Area of focus”.

On July 31, 2019, the Company elected to exercise its second renewal term for up to 10 years of the exclusive agreement to lease and purchase the KCG after due diligence work was completed.

At December 31, 2020, the Company has paid all required lease payments for 2019 and 2020 to the date of disposal. During the year ended December 31, 2020, the Company paid \$171,416 (US\$125,032) to the owner of the Kearsarge project whilst also spending funds in the project data.

On April 21, 2020, the Company entered into an agreement with Endomines to assign the Kearsarge gold project rights and closed the transaction on September 24, 2020.

During the year ended December 31, 2019, the Company commenced plans to sell certain properties, and on April 21, 2020, the Company entered into an agreement with Endomines to sell the U.S. Grant Mine and Mill in conjunction with the lease assignment of the Kearsarge Gold Project (the “assets”). Summary of the purchase consideration for the assets are as follows:

- Shares of the third party with a market value of 95% of the value of the Company’s issued and outstanding shares at an agreed value of \$0.10 per share (Transatlantic shares outstanding x 95% x \$0.10) in Endomines common stock at \$4.60 Swedish krona (“SEK”) or 10 day VWAP at closing whichever is the lower price (received);
- Cash payment of US\$550,000 (received);
- Cash payment of US\$2,000,000 (To be received 60 days from closing due December 1, 2020); and
- Further payment of US\$2,000,000 due on or before September 28, 2022, or first gold produced on these assets to whichever is the earlier.

Endomines was unable to make the first US\$2,000,000 payment in full, the Company and Endomines agreed that Endomines would pay for certain other additional obligations totalling US\$619,166. As at December 31, 2020, an amount of \$1,796,586 (US\$1,331,435) was still owing from Endomines, of which US\$731,426 was received subsequent to year end. The Company is currently in negotiations with Endomines regarding the remaining unpaid portion.

The Company reclassified the Assets from exploration and evaluation assets to assets held for sale as at December 31, 2019. The value was determined based on the lower of the assets carrying amount and fair value less costs to sell and is computed as follows:

	Alder Mountain Project (\$)	Kearsarge Gold Project (\$)	Total (\$)
Purchase price			
Value of common shares	7,906,394	39,398	7,945,792
Cash payment of \$716,430 (US\$550,000 at 1.3026)	708,587	7,843	716,430
US\$2,000,000 at 1.2988	2,569,160	28,440	2,597,600
PV of US\$2,000,000 at 1.2988	2,162,411	23,937	2,186,348
Fair value of the consideration to be received	13,346,552	99,618	13,446,170
Carrying amount of the assets	7,142,587	37,210	7,179,797

Since the fair value of the consideration to be received is more than its carrying amount, the assets are not impaired.

On September 24, 2020, the Company closed the sale and purchase agreement with Endomines and recognized a gain on sale of properties of \$13,074,195 in the statement of comprehensive income during the year ended December 31, 2020. The gain on sale of properties is computed as follows:

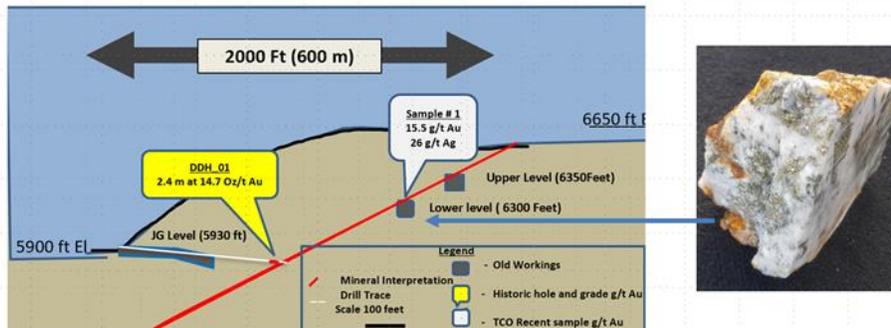
	(\$)
Consideration received	
Value of Endomines shares less discount for the escrow period	9,773,802
Cash payments received (US\$550,000)	716,430
Portion of US\$2,000,000 paid (US\$668,565)	868,332
Portion of US\$2,000,000 unpaid (US\$1,331,435)	1,796,586
Long-term consideration receivable (US\$2,000,000)	2,255,029
Additional cash received due to late closing	153,224
Fair value of the consideration	15,563,403
Value of assets sold	
U.S. Grant Mine and Mill	7,142,587
Kearsarge Gold	208,626
Equipment carrying amount	12,405
Total assets sold	7,363,618
Value of obligations transferred	
US Grant payable US\$3,750,000	5,023,500
US Grant discount US\$111,295	(149,090)
Total obligations transferred	4,874,410
Total gain on sale of properties	13,074,195

Miller Mine Gold Project

On July 2, 2019, the Company entered into an exclusive agreement to lease with an option to purchase the Miller Mine in the Broadwater County of Montana. The agreement is subject to an initial due diligence period including the Company's election to lease and purchase with a profit share arrangement consideration. The Company has been granted an exclusive due diligence right to data and information on the Miller Mine Patented and Unpatented claims to August 15, 2019 and extended further to October 31, 2020. To December 31, 2020, funds have been spent on the property with drill set up and report reviews in conjunction with sampling and access along the old levels. The terms of the agreement include:

- A First Renewal Term of 24 months following the expiry of the due diligence period for consideration of \$100,000 in cash or shares equivalent at a per share amount of between \$0.05 and \$0.10 at the Company's election. The Company is also to spend a further \$100,000 in development in the first renewal term.
- A Second Renewal Term of 24 months on the expiry of the First Renewal Term for consideration of \$100,000 spent in that period.
- Should mining occur at any time, an 8.5% royalty on ounces produced must be paid. During the term of the agreement, the Company may purchase the property for US\$4,500,000, less the payments made above, and a perpetual 1% gold NSR to the vendor thereafter.

MILLER MINE – LONG SECTION



Summary Pierce Points on the Miller Mine Long Section with rock sample from Level

On August 17, 2020, the Company continued and extended its activities on an agreement to lease and purchase the Miller Mine in the Broadwater County of Montana. Following on from Lower Level sampling previous, access was made to the Upper Level with quartz and sulphide apparent over 100 metres (300 feet) in strike. A grab sample under a collapsed chute further informed gold mineralization on the Upper Level. The sampling both from the current program and historical mining and drill programs underpin further drilling and future sampling activities to build a near term trial mining sample. These claims are approximately 29 miles to the North east of Townsend in Montana and add towards the consolidation strategy of the district that Transatlantic is undertaking.

During the year ended December 31, 2020, the Company exercised the First Renewal Term and paid US\$25,000 in cash. A further US\$75,000 is payable on or before April 15, 2021 (paid in cash subsequently).

Golden Jubilee Property

On December 14, 2020, the Company entered into a Letter of Intent (“LOI”) to purchase the Golden Jubilee Project consisting of 22 unpatented mining claims situated in Granite County, Montana, along with any and all equipment and assets situated on or used in connection with the exploration of such mining claims. The property is subject to an underlying lease agreement incorporating a 3% net smelter royalty.

The Company will pay US\$550,000 to the seller in tranches as follows:

- US\$100,000 due upon completion of due diligence (paid).
- US\$25,000 due on December 14, 2020 (paid).
- US\$375,000 due on February 15, 2021 (paid subsequently).
- US\$50,000 due October 30, 2021 (paid).

Up to the date of this MD&A, tenements are in good standing with the relevant statutory bodies.

	December 31, 2020
	(\$)
Monitor Property	
<i>Acquisition Costs</i>	587,277
St. Lawrence Property	
<i>Acquisition Costs</i>	83,105
Miller Mine Gold Project	
<i>Acquisition Costs</i>	31,805
Golden Jubilee Project	
<i>Acquisition Costs</i>	222,810

Mineral property expenses for the year ended December 31, 2020 are as follows:

	For the Year Ended December 31, 2020						
	Golden Jubilee Project	Alder Mountain Project	Monitor Property	St. Lawrence Property	Kearsarge Gold Project	Miller Mine Gold Project	Total
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Assays and analysis	-	-	-	-	13,669	18,861	32,530
Consultants (Note 9)	-	90,532	14,447	8,620	58,876	182,871	355,346
General and administrative field cost	652	34,533	3,177	2,969	4,740	27,945	74,016
Management fees	-	63,000	45,000	45,000	72,000	135,000	360,000
Meals and entertainment	-	143	-	-	-	-	143
Planning and surveying	-	-	-	-	-	1,951	1,951
Professional fees	-	42,479	12,350	12,350	20,726	32,219	120,124
Report and data compilation	-	-	-	-	1,660	-	1,660
Rent	-	-	-	-	-	3,634	3,634
Repairs and maintenance	-	2,609	-	-	-	-	2,609
Utilities recovery	-	(2,265)	-	-	-	-	(2,265)
Travel, accommodation and fuel	-	888	1,715	-	425	3,908	6,936
Total	652	231,919	76,689	68,939	172,096	406,389	956,684

Business Development

The Company has reviewed and ranked many projects and is focused on gold and copper development projects as future high-margin exploration and mining opportunities. The sale process for the 2 assets in US Grant and Kearsarge provides an upside for all Transatlantic Shareholders with an equity position held in Endomines.

The Company continues its activities with focus on the Miller Mine and in addition evaluating the other projects such as the due diligence on the Golden Jubilee Gold Project to maximize the technical value of these gold projects in concert with the high-grade Copper Monitor Project.

SELECTED ANNUAL INFORMATION

	Year Ended December 31, 2020 \$	Year Ended December 31, 2019 \$	Year Ended December 31, 2018 \$
Revenue	-	-	-
General & Administrative and Other Income (Expenses)	8,561,791	(403,686)	(1,704,368)
Exploration Expenses	956,684	701,888	836,916
Income Tax Expense	862,063	-	-
Net Income (Loss) and Comprehensive Income (Loss)	6,743,044	(1,105,574)	(2,541,284)
Net Loss per Share - basic	0.08	(0.01)	(0.04)
Net Loss per Share - diluted	0.07	(0.01)	(0.02)
Total Assets	11,921,711	8,251,718	8,636,078

SUMMARY OF QUARTERLY RESULTS

A summary of financial results for the eight most recently completed quarters ending December 31, 2020:

	Revenue (\$)	General & Administrative and Other Income (Expenses) (\$)	Exploration Expenses (\$)	Net Income (Loss) and Comprehensive Income (Loss) (\$)	Earnings (Loss) per Share (\$)
Dec-31-2020	-	(495,247)	232,786	(1,590,096)	(0.02)
Sep-30-2020	-	9,689,070	324,243	9,364,827	0.11
Jun-30-2020	-	106,390	226,522	(120,132)	(0.00)
Mar-31-2020	-	(738,422)	173,133	(911,555)	(0.01)
Dec-31-2019	-	(47,781)	202,437	(250,218)	(0.00)
Sep-30-2019	-	(115,085)	292,109	(407,194)	(0.00)
Jun-30-2019	-	(86,160)	106,410	(192,570)	(0.00)
Mar-31-2019	-	(154,660)	100,932	(255,592)	(0.00)

Fiscal 2020

During the fourth quarter of 2020, the Company recorded a loss of \$1,590,096 compared to an income of \$9,364,827 in the third quarter of 2020. The significant change is mainly due to change in fair value of investment recognized during the fourth quarter of 2020.

During the third quarter of 2020, the Company recorded an income of \$9,364,827 compared to a loss of \$120,132 in the second quarter of 2020. The significant change is mainly due to gain on sale of assets recognized during the third quarter of 2020.

During the second quarter of 2020, the Company recorded a loss of \$120,132 compared to a loss

of \$911,555 in the first quarter of 2020. The significant change is mainly due to decrease in foreign exchange loss recognized during the second quarter of 2020.

During the first quarter of 2020, the Company recorded a loss of \$911,555 compared to a loss of \$250,218 in the fourth quarter of 2019. The significant change is mainly due to increase in foreign exchange loss recognized during the first quarter of 2020.

RESULTS OF OPERATIONS

Year ended December 31, 2020

The Company has earned a revenue of \$Nil during the years ended December 31, 2020 and 2019. Exploration expenditures of \$956,684 were higher by \$254,796 than the \$701,888 during the year ended December 31, 2019 due to increased costs for completing exploration activities and legal fees associated with the sales agreements. Recognized gain on sale of assets of \$13,093,818 in relation to the closing of sale of U.S. Grant Mine and Mill and lease assignment for the Kearsarge Gold project (the “assets”) including the property and equipment located in the assets. Recognized loss on investment of \$2,567,497 due to changes in fair value of the Endomines investment.

General and administration expenses during the year ended December 31, 2020 totaled \$1,001,267 which were higher by \$235,464 than the \$765,803 in the same period in 2019. This is mainly due to significant decrease in office expenses during the current year offset by the increases in accretion and accrued interest and share-based compensation.

Three months ended December 31, 2020

The Company has earned a revenue of \$Nil during the three months ended December 31, 2020 and 2019. Exploration expenditures of \$232,786 were higher by \$30,349 than the \$202,437 during the three months ended December 31, 2019 due to increased costs for completing exploration activities and legal fees associated with the sales agreements. Recognized gain on sale of assets of \$3,743,743 in relation to the closing of sale of U.S. Grant Mine and Mill and lease assignment for the Kearsarge Gold project (the “assets”) including the property and equipment located in the assets. Recognized loss on investment of \$2,567,497 due to changes in fair value of the Endomines investment.

General and administration expenses during the three months ended December 31, 2020 totaled \$619,819 which were higher by \$422,784 than the \$197,035 in the same period in 2019. This is mainly due to increase in share-based compensation during the current period.

LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2020, the Company had working capital of \$2,359,200 compared to a working capital deficit of \$5,537,115 as of the year ended December 31, 2019.

Year ended December 31, 2020

During the year ended December 31, 2020, net cash used in operating activities was \$923,101 (2019 - \$81,548) comprising of a net income of \$6,743,044 (2019 - net loss of \$1,105,574), amortization of \$124,834 (2019 - \$251,308), change in fair value of shares consideration of \$2,567,497 (2019 - \$Nil), gain on sale of assets of \$13,093,818 (2019 - loss of \$13,471), interest revenue of \$50,424

(2019 - \$Nil), accretion and accrued interest of \$158,669 (2019 - \$47,368), loss on sale of Endomines shares of \$107,751 (2019 - \$Nil), share-based compensation of \$559,920 (2019 - \$Nil), unrealized foreign exchange loss of \$1,023,980 (2019 - gain of \$305,556), write-off of accounts payable of \$23,456 (2019 - \$Nil), write-off of accounts receivable of \$Nil (2019 - \$3,170), decrease in receivables of \$Nil (2019 - \$39,124), increase in prepaid expenses of \$1,940 (2019 - decrease of \$1,950), decrease in US grant payable of \$651,300 (2019 - increase of \$33,138), increase in accounts payable and accrued liabilities of \$750,079 (2019 - \$949,073), and increase in income tax payable of \$862,063 (2019 - \$Nil).

Cash provided by investing activities for the year ended December 31, 2020 was \$1,664,301 (2019 - used in of \$10,301) comprising of proceeds from sale of mineral properties of \$1,737,986 (2019 - \$Nil), proceeds from sale of equipment of \$Nil (2019 - \$24,349), proceeds from the sale of investment of \$394,108 (2019 - \$Nil), purchase of equipment of \$5,398 (2019 - \$Nil) and mineral property and assets held for sale additions of \$462,395 (2019 - \$34,650).

There was no financing activity during the year ended December 31, 2020 due mainly to poor market conditions and later the COVID-19 for limited travel access. The cash used by financing activity for the year ended December 31, 2019 of \$2,114 was attributable to loan repayment.

The Company is engaged in mineral exploration and development and is exposed to a number of risks and uncertainties inherent to the mineral resource industry. This activity is capital intensive at all stages and subject to fluctuations in metal prices, market sentiment, currencies, inflation and other risks. The Company currently has no source of material revenue and relies primarily on equity financings to fund its exploration, development and administrative activities. Material increases or decreases in the Company's liquidity will be substantially determined by the success or failure of its exploration and development activities, as well as its continued ability to raise capital. The current recessionary credit conditions have severely limited the Company's ability to raise financing through its usual methods and if these conditions persist, they will materially decrease the Company's liquidity and capital resources.

The Company's ability to continue as a going concern is dependent on continued financial support from its shareholders, and the ability of the Company to raise equity and other forms of finance to generate a cashflow mining model. While management has been successful in obtaining additional sources of finance in the past, there can be no assurance that it will be able to do so in the future.

RELATED PARTY TRANSACTIONS

The following table summarizes services provided by related parties:

	December 31, 2020	December 31, 2019
	(\$)	(\$)
Management (a)	360,000	360,000
Consulting and director fees (b)	115,481	115,365
Share-based compensation (c)	399,944	-
	875,425	475,365

(a) The Company accrued management fees of \$360,000 (2019 - \$360,000) to the CEO of the Company, which is included in property expenditures.

- (b) The Company accrued consulting fees of \$60,000 (2019 - \$60,000), which is included in property expenditures, and director fees of \$55,481 (2019 - \$55,365) to directors of the Company.
- (c) During the year ended December 31, 2020, the Company granted 10,000,000 incentive stock options to the directors of the Company. The stock-based compensation related to these options was \$399,944.

As of December 31, 2020, \$3,548,460 (2019 - \$2,789,595) is due to related parties, being directors of the Company, for the services above, which is included in accounts payable and accrued liabilities. Amounts due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment. A 25% beneficial interest to the Golden Jubilee property is held by a related party.

FINANCIAL INSTRUMENTS

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 - Inputs that are not based on observable market data.

The 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 in its cash accounts and its receivables. This risk is managed through the use of a major bank that is a high credit quality financial institution as determined by rating agencies. Both the current receivable of \$1,707,534 and the long-term receivable of \$2,193,646 are due from Endomines. The risk associated with its receivables is minimal.

Liquidity risk: Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Liquidity risk arises through the excess of financial obligations due over available financial assets at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available capital in order to meet its liquidity requirements. Liquidity risk is assessed as high.

Currency risk: 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. The Company's functional currency is the Canadian dollar. The Company is exposed to currency exchange rate risk to the extent of its activities in Australia and the United States. The Company's currency risk is presently limited to approximately \$397,270 of net

exposure denominated in Australian dollars and approximately \$3,774,797 of net exposure denominated in US dollars. Based on this exposure as at December 31, 2020, a 5% change in the Australian dollar to Canadian dollar exchange rate would impact the Company's net loss by \$19,864 and by \$188,740 for a 5% change in the US dollar to Canadian dollar. Management believes the foreign exchange risk derived from currency conversions from the Australian and U.S. operations is not significant and does not hedge its foreign exchange risk.

Future changes in exchange rates could have a material effect on the Company's business, financial condition and results of operations.

Industry risk: The Company is engaged primarily in the mineral exploration field and manages related industry risk issues directly. The Company is potentially at risk for environmental reclamation and fluctuations in commodity-based market prices associated with resource property interests.

Management is of the opinion that the Company addresses environmental risk and compliance in accordance with industry standards and specific project environmental requirements.

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. Interest rate risk is not significant as the Company's assets and liabilities do not bear any interest.

Capital management: The Company manages its capital structure based on the funds available to the Company, in order to fund its general and administration expenses, support acquisition, maintenance, exploration, and development of mineral properties. The capital structure of the Company consists of equity and debt obligations, net of cash and cash equivalents. The Board of Directors has not established any quantitative return on capital criteria for management, instead relying on the expertise of the Company's management to sustain future development of the business. The properties in which the Company currently has interests are in the exploration stage and early production development, so the Company is dependent on external financing to fund its activities. In order to carry out activities and administration, the Company will spend its existing working capital and raise additional amounts as needed. The Company is not subject to any externally imposed restrictions on capital. There were no changes in the Company's approach to capital management during the year.

SHARE CAPITAL

The Company's authorized share capital consists of an unlimited number of common shares without par value. As of December 31, 2020, and as of the date of this report, the total number of common shares issued and outstanding is 83,639,916.

As of December 31, 2020, and as of the date of this report, the total number stock options issued and outstanding is 15,150,000.

As of December 31, 2020, and as of the date of this report, the total number of share purchase warrants issued and outstanding is 2,538,734.

CHANGES IN ACCOUNTING POLICIES

As of January 1, 2018, the Company adopted the new and amended IFRS pronouncements in accordance with transitional provisions outlined in the respective standards. The adoption of these standards did not have a material impact on the consolidated results, financial position or accounting policies of the Company. Significant standards adopted include the following:

IFRS 9, Financial Instruments (“IFRS 9”)

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities and supersedes the guidance relating to the classification and measurement of financial instruments in IAS 39, *Financial Instruments: Recognition and Measurement* (“IAS 39”).

IFRS 9 requires financial assets to be classified into three measurement categories on initial recognition: those measured at fair value through profit and loss, those measured at fair value through other comprehensive income and those measured at amortized cost. Investments in equity instruments are required to be measured by default at fair value through profit or loss. For financial liabilities, the standard retains most of the IAS 39 requirements.

IFRS 15, Revenue from Contracts with Customers (“IFRS 15”)

The new revenue standard introduces a single principles-based, five-step model for the recognition of revenue when control of goods is transferred to, or a service is performed for, the customer. IFRS 15 also requires enhanced disclosures about revenue to help users better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

As of January 1, 2019, the Company adopted the new and amended IFRS pronouncements in accordance with transitional provisions outlined in the respective standards. The adoption of these standards did not have a material impact on the consolidated results, financial position or accounting policies of the Company. Significant standards adopted include the following:

IFRS 16 Leases (“IFRS 16”)

Effective January 1, 2019, the Company adopted IFRS 16, *Leases*, which specifies how to recognize, measure, present and disclose leases. The standard introduces a single lessee accounting model and requires a lessee 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. The Company’s accounting policy under IFRS 16 is as follows: At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. This policy is applied to contracts entered into, or changed, on or after January 1, 2019. The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, and estimate of costs to dismantle and remove or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use assets are subsequently amortized from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term using the straight-line method. The lease term includes consideration of an option to renew or to terminate if the Company is reasonably certain to exercise that option.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising mainly from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, renewal or termination option due to a significant event or change in circumstances. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. Under IAS 17, *Leases* ("IAS 17"), the Company's accounting policy was as follows: The determination of whether an arrangement was (or contained) a lease was based on the substance of the arrangement at the inception of the lease. The arrangement was, or contained, a lease if fulfilment of the arrangement was dependent on the use of a specific asset and the arrangement conveyed a right to use the asset, even if that asset was not explicitly specified in an arrangement. A lease was classified at the inception date as a finance lease or an operating lease. A lease that transferred substantially all the risks and rewards incidental to ownership to the Company was classified as a finance lease. Finance leases were capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges were recognized in net finance expenses (income) in net loss. A leased asset was depreciated over the term of the lease. An operating lease was a lease other than a finance lease. Operating lease payments were recognized in net loss on a straight-line basis over the lease term. Lease incentives received were recognized as an integral part of the total lease expense, over the term of the lease.

Impact of transition to IFRS 16

Effective January 1, 2019 the Company adopted IFRS 16 using the modified retrospective approach. Accordingly, comparative figures as at and for the year ended December 31, 2018 have not been restated and continue to be reported under IAS 17 and IFRIC 4, determining whether an arrangement contains a lease ("IFRIC 4"). As at January 1, 2019 the Company had no operating leases. For equipment leases previously classified as finance leases under IAS 17, the Company measured the right-of-use asset and lease liability as previously accounted for without adjustment.

Accounting standards issued but not yet effective

There are no other IFRS or International Financial Reporting Interpretations Committee interpretations that are not yet effective that would be expected to have a material impact on the Company's consolidated financial statements.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

LITIGATION

The Company may from time to time be subject to litigation. At December 31, 2020, the Company has accrued for what it believes is a reasonable amount with respect to any litigation claims.

The Company has completed successful mediation on the Alder Mountain Project – US Grant where it was mediated for payment with new deferred payments for 2020 and 2021 milestones. On September 24, 2020, the Company closed the sale of U.S. Grant Mine and Mill. Pursuant to the agreement, Endomines assume all the obligations of the Company to the Sellers of U.S. Grant.

SUBSEQUENT EVENTS

On February 24, 2021, the Company received US\$731,426 as partial payment for the US\$1,341,136 receivable from Endomines. As of the date of this report, the remainder is still unpaid.

On March 3, 2021, the Company paid US\$10,000 to the landowner of St. Lawrence property for the 2020 lease payment.

On March 11, 2021, the Company completed the purchase of the Golden Jubilee mine and associated claims with its obligated agreements in Granite county, Montana, United States.

Key points of the transaction:

- Full payment of US\$500,000;
- 100% mineral claim ownership;
- Previous 2014 bulk mine development sample represented on vein plus 100 metres long and two metres wide, which averaged 10,000 tonnes at a mined and processed grade of nine grams per tonne gold (9 g/t Au);
- Existing decline development infrastructure and horizontal access of 200 metres to an existing vertical depth of 50 metres;
- Existing plus 37 drill holes database indicating vein open along strike and down dip; and
- Obligations to comply with an underlying lease agreement incorporating a 3-per-cent net smelter royalty.

On April 20, 2021, the Company paid the funds of US\$75,000 towards entering the First Renewal term in acquiring 100% interest of the Miller Mine.