

MANAGEMENT DISCUSSION AND ANALYSIS

Accompanying the December 31, 2021 Consolidated Financial Statements

This Management Discussion and Analysis (“MD&A”) prepared as of May 2, 2022, should be read in conjunction with the Company’s consolidated financial statements and the accompanying notes for the year ended December 31, 2021 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 May 2, 2022.

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 primarily through exploration and additions to Mineral Resources. 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, 2021:

Miller Mine: Drill planning and permitting

- 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.
- Samples from the existing level indicated gold mineralization of **9.57 g/t Au** over a **1.2 m true width** and in addition the lode was identified as continuing along a 100m strike length along 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.
- Additional samples were taken on the Lower Level from the quartz vein remnant adjacent to stoped sections and assays are awaited. The historical production from these stopes recorded **7.1 oz/ton** (220g/ton) Au.
- A gravity concentrate of the tails and mid tails have been sent to a third party for extraction kinetics and analysis.

Golden Jubilee Mine: Drill planning and permitting in progress

- Follow up on the Historical data with planned confirmation drilling and extension now out for tender with drilling companies.
- **100% Mineral Claim Ownership.**
- Previous 2014 Bulk mine development sample represented on vein + 100 m long and 2.0 m wide which averaged **10,000 tonnes** at a mined and processed grade of **9.00 g/t Au.**
- Existing Decline development infrastructure and horizontal access of 200 m to an existing vertical depth of 50 metres.
- Existing plus 37 drillholes database indicating vein open along strike and down dip.
- A geophysical program has been developed and now out for tender.
- New Exploration permit submitted for approvals in progress.
- Begun the first phase of drilling.

Monitor Copper /Gold Project: Transatlantic at 80% ownership with earn in option to 100%

- The main targets to access and review further are the Big Elk with surface subcrop samples of **30 % Copper** in chalcopyrite and the Monitor/Richmond high grade **6-15% Copper** grades with associated gold in a Structural Vein setting target.

Business Development: The Company continued to undertake due diligence activities on multiple properties as well as working with the sublessee on the Golden Jubilee Project.

At the end of the year, the share structure for the Company was 86,639,916 common shares.

On July 4, 2014, the Company entered an agreement with an unrelated third party (Andy Well Pty Ltd) 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 over an extended period including a monthly payment schedule to September 2022.

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

MANAGEMENT CHANGES

On September 15, 2021, the Company appointed Yuying Liang as Chief Financial Officer of the Company following Bernie Sostak’s resignation as the interim CFO.

OVERALL PERFORMANCE / DISCUSSION OF OPERATIONS

The Company’s business is the acquisition, exploration and addition of Mineral Resources on prospective mineral properties in areas of low political risk, close to infrastructure which will support future mine development.

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 has been confined to restrictions on international travel to the Company’s properties.

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 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 along with advancing the technical knowledge at the Golden Jubilee Project with 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, this has been paid;
- (ii) incur property expenditures of US\$2,100,000 over three years, this has been 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 obtaining the drill permits for new drill programs and metallurgical testing of mineralized rock coming from the St. Lawrence and Monitor properties and a drill permit is awaiting final approvals.

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. The Company provide a 1% net smelter returns (“NSR”) royalty from any production from the 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, 2021, the Company incurred \$227,765 (2020 - \$153,076) in accumulated expenditures related to St. Lawrence Property.

As of December 31, 2021, the Company has paid all required lease payments for the years 2019, 2020 and 2021.

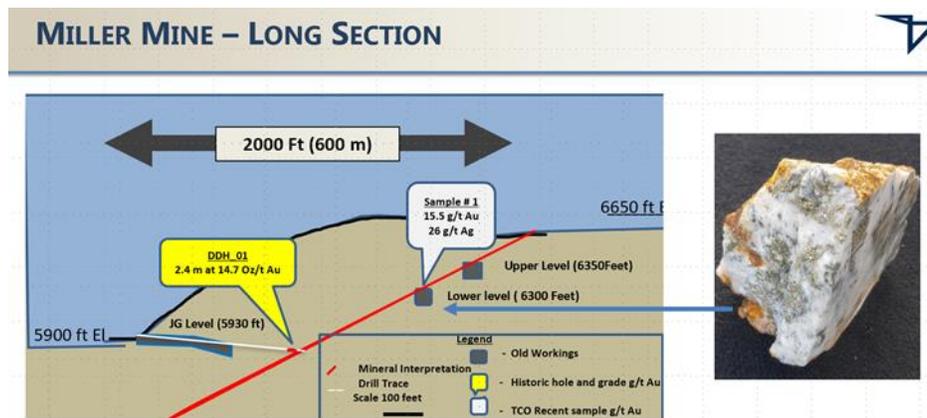
At December 31, 2021, the Company has a refundable performance bond of \$Nil (2020 - \$14,705) for security of drilling activity requirements for the property.

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 now leasing in first renewal term with 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. As at December 31, 2021, due diligence was completed to an initial phase by sampling the old development, reviewing old data, and historic report reviews.

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 USD in cash has been met. 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 USD 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.



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

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. The remaining consideration for entering the First Renewal Term of US\$75,000 was paid on April 20, 2021.

On April 22, 2021, Alder Mountain Milling Corporation ("AMM") with the agreement and

acknowledgement of Olympus Resources LLC (“Lessor”), assigned, sold, set over and conveyed unto Transatlantic Montana Corporation (“TMC”) all of the lessee’s right, title and interest in and to the Mining Lease, including without limitation, the leasehold estate created thereby under the Mining Lease dated July 9, 2019. TMC agreed to assume certain obligations of the lessee under the Mining Lease.

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).
- US\$50,000 due October 30, 2021 (paid).

On March 11, 2021, the Company completed the purchase of 100% of the Golden Jubilee Project. Up to the date of this MD&A, tenements are in good standing with the relevant statutory bodies.

At December 31, 2021, the Company has refundable performance bonds of \$116,691 (US\$92,042) (2020 - \$Nil) for security of drilling activity requirements for the property.

On December 14, 2021, the Company has entered an agreement for the option to purchase the lease rights over the Golden Jubilee mine from the Gunsinger Group Inc. (“Gunsinger”). The option to purchase consideration of US\$2,200,000 is by way of a gold production royalty along with its obligated agreements in Granite county, Montana, United States. The mining leases cover approximately 292 acres in area and include the existing Golden Jubilee mine. The Company had previously secured the underlying ownership rights to the property from Profile US Inc. on March 11, 2021, subject to the Gunsinger Group's lease rights. This completion of the option to purchase will give the Company complete ownership over the property including the strategically important Red Lion mill site.

The following summarizes key points to the transaction:

- Payment of US\$2,200,000 for mining and exploration rights financed by the payment royalty between US\$100 and US\$300 per ounce of gold dependent on the realized gold price, to be fully satisfied by December 1, 2027;
- An additional set of payments of US\$250,000 made on each milestone gold production of 20,000, 30,000 and 40,000 ounces; and
- There are obligations to comply with an underlying Gunsinger lease agreement and rights to the use of the Red Lion mill site, including incurring US\$300,000 in exploration and mine development in each of the first four mining seasons.

Capitalized acquisition costs for the year ended December 31, 2021 are as follows:

	December 31, 2021
	(\$)
Monitor Property	
<i>Acquisition Costs</i>	617,339
St. Lawrence Property	
<i>Acquisition Costs</i>	109,281
Miller Mine Gold Project	
<i>Acquisition Costs</i>	138,327
Golden Jubilee Project	
<i>Acquisition Costs</i>	697,860

Mineral property expenses for the year ended December 31, 2021 are as follows:

	For the Year Ended December 31, 2021				
	Golden Jubilee Project	Monitor	St. Lawrence	Miller Mine	Total
	(\$)	(\$)	(\$)	(\$)	(\$)
Assays and analysis	-	-	-	5,131	5,131
Consultants	44,119	19,087	8,439	114,785	186,430
Drilling	90,350	-	-	21,234	111,584
General and administrative field cost	8,225	6,421	4,419	48,075	67,140
Management fees	45,000	63,000	48,000	87,000	243,000
Meals and entertainment	4,058	71	-	-	4,129
Planning and surveying	13,732	1,178	1,178	4,984	21,072
Professional fees	13,444	15,932	12,656	24,066	66,098
Rent	11,719	-	-	43,399	55,118
Repairs and maintenance	-	-	-	25,461	25,461
Salaries and wages	8,941	-	-	19,981	28,922
Travel, accommodation and fuel	280	304	-	22,452	23,036
Total	239,868	105,993	74,692	416,568	837,121

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 two 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 Golden Jubilee Property in addition to evaluating other projects to maximize the technical value of these gold projects in concert with the high-grade Copper Monitor Project.

The Company has also engaged in sourcing contracting activities and services to support its Business Model and provide further income support in the North West of USA.

The Company is reviewing and has recently purchased 2 surface diamond drill machines which are currently being serviced and maintained ready for 2022 drill season.

SELECTED ANNUAL INFORMATION

	Year Ended December 31, 2021 \$	Year Ended December 31, 2020 \$	Year Ended December 31, 2019 \$
Revenue	-	-	-
General & Administrative and Other Income (Expenses)	(587,986)	8,561,791	(403,686)
Exploration Expenses	837,121	956,684	701,888
Income Tax Expense	219,323	862,063	-
Net Income (Loss) and Comprehensive Income (Loss)	(1,644,430)	6,743,044	(1,105,574)
Net Earnings (Loss) per Share - basic	(0.02)	0.08	(0.01)
Net Earnings (Loss) per Share - diluted	(0.02)	0.07	(0.01)
Total Assets	9,668,492	11,921,711	8,251,718

SUMMARY OF QUARTERLY RESULTS

A summary of financial results for the eight most recently completed quarters ending December 31, 2021:

	Revenue (\$)	General & Administrative and Other Income (Expenses) (\$)	Exploration Expenses (\$)	Net Income (Loss) and Comprehensive Income (Loss) (\$)	Earnings (Loss) per Share (\$)
Dec-31-2021	-	(310,643)	368,121	(898,087)	(0.01)
Sep-30-2021	-	462,574	228,423	234,151	0.00
Jun-30-2021	-	113,435	103,334	10,101	0.00
Mar-31-2021	-	(853,352)	137,243	(990,595)	(0.01)
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)

Fiscal 2021

During the fourth quarter of 2021, the Company recorded a loss of \$898,087 compared to an income of \$234,151 in the third quarter of 2021. The significant change is mainly due to foreign exchange loss and increase in loss on sale of Endomines shares and income tax expense incurred during the

fourth quarter of 2021.

During the third quarter of 2021, the Company recorded an income of \$234,151 compared to an income of \$10,101 in the second quarter of 2021. The significant change is mainly due to increase in foreign exchange gain, gain on debt settlement recognized during the third quarter of 2021 and decreased in the loss on sale of Endomines shares.

During the second quarter of 2021, the Company recorded an income of \$10,101 compared to a loss of \$990,595 in the first quarter of 2021. The significant change is mainly due to decrease in general administration expenses and mineral property expenses during the second quarter of 2021. Recognized gain on investment due to change in fair value of investments compared to a loss on investment during the first quarter of 2021.

During the first quarter of 2021, the Company recorded a loss of \$990,595 compared to a loss of \$1,590,096 in the fourth quarter of 2020. The significant change is mainly due to decrease in foreign exchange loss and change in fair value of investments recognized during the first quarter of 2021.

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, 2021

The Company has earned a revenue of \$Nil during the years ended December 31, 2021 and 2020. Exploration expenditures of \$837,121 were lower by \$119,563 than the \$956,684 during the year ended December 31, 2020 due to decreased costs in exploration activities and sale of U.S. Grant Mine and Mill and Kearsarge gold project. Recognized loss on sale of Endomines investments of \$94,245. Recognized loss on investment of \$559,176 due to change in fair value of the Endomines investment.

General and administration expenses during the year ended December 31, 2021 totaled \$322,564 which were lower by \$678,703 than the \$1,001,267 in the previous year. This is mainly due to decreases in accretion and accrued interest and share-based compensation during the current year.

Three months ended December 31, 2021

The Company has earned a revenue of \$Nil during the three months ended December 31, 2021 and 2020. Exploration expenditures of \$368,121 were higher by \$135,335 than the \$232,786 during the three months ended December 31, 2020 due to increased costs in exploration activities. Recognized loss on sale of Endomines investments of \$412,694. Recognized gain on investment of \$99,282 due to changes in fair value of the Endomines investment.

General and administration expenses during the three months ended December 31, 2021 totaled \$86,384 which were lower by \$533,435 than the \$619,819 in the same period in 2020. This is mainly due to decrease in share-based compensation during the current period.

LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2021, the Company had working capital of \$2,360,037 compared to a working capital of \$2,359,200 as of the year ended December 31, 2020.

Year ended December 31, 2021

During the year ended December 31, 2021, net cash used in operating activities was \$434,267 (2020 - \$923,101) comprising of a net loss of \$1,644,430 (2020 - net income of \$6,743,044), amortization of \$91,649 (2020 - \$124,834), change in fair value of shares consideration of \$559,176 (2020 - \$2,567,497), interest income of \$207,425 (2020 - \$50,424), accretion and accrued interest of \$Nil (2020 - \$158,669), gain on sale of properties of \$Nil (2020 - \$13,093,818), loss on sale of Endomines shares of \$94,245 (2020 - \$107,751), gain on receivable modification of \$26,860 (2020 - \$Nil), unrealized foreign exchange loss of \$101,020 (2020 - \$1,023,980), write-off of accounts payable of \$Nil (2020 - \$23,456), gain on debt settlement of \$184,400 (2020 - \$Nil), share-based compensation of \$Nil (2020 - \$559,920), decrease in receivables of \$1,263,786 (2020 - \$Nil), increase in prepaid expenses of \$57,797 (2020 - \$1,940), decrease in US grant payable of \$Nil (2020 - \$651,300), decrease in accounts payable and accrued liabilities of \$642,554 (2020 - increase of \$750,079), and increase in income tax payable of \$219,323 (2020 - \$862,063).

Cash provided by investing activities for the year ended December 31, 2021 was \$261,306 (2020 - \$1,664,301) comprising of proceeds from sale of mineral properties of \$Nil (2020 - \$1,737,986),

proceeds from the sale of investment of \$1,441,236 (2020 - \$394,108), purchase of investments of \$421,720 (2020 - \$Nil), purchase of equipment of \$38,021 (2020 - \$5,398), reclamation bonds of \$82,379 (2020 - \$Nil), and mineral properties and Assets held for sale additions of \$637,810 (2020 - \$462,395).

There was no financing activity during the years ended December 31, 2021 and 2020 due mainly to poor market conditions and later the COVID-19 for limited travel access.

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 future 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, 2021	December 31, 2020
	(\$)	(\$)
Management (a)	270,000	360,000
Consulting and director fees (b)	87,388	115,481
Share-based compensation (c)	-	399,944
	357,388	875,425

- (a) The Company accrued management fees of \$270,000 (2020 - \$360,000) to the CEO of the Company, which is included in property expenditures.
- (b) The Company accrued consulting fees of \$45,000 (2020 - \$60,000), which is included in property expenditures, and director fees of \$42,388 (2020 - \$55,481) 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, 2021, \$3,580,672 (2020 - \$3,548,460) 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.

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 fair value of cash is based on level 1 inputs and approximates its carrying value due to the immediate or short-term maturity of these financial instruments; the fair value of the Company's investment securities, which are publicly traded, was estimated using level 1 inputs being the quoted market price.

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. \$2,842,800 of the current receivable are due from Endomines and is collateralized by the purchased properties. The risk associated with its receivables is moderate.

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 \$312,369 of net exposure denominated in Australian dollars and approximately \$2,647,199 of net exposure denominated in US dollars. Based on this exposure as at December 31, 2021, a 5% change in the Australian dollar to Canadian dollar exchange rate would impact the Company's net loss by \$15,618 and by \$132,360 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, 2021, and as of the date of this report, the total number of common shares issued and outstanding is 86,639,916.

As of December 31, 2021, and as of the date of this report, the total number stock options issued and outstanding is 14,000,000.

As of December 31, 2021, and as of the date of this report, the total number of share purchase warrants issued and outstanding is Nil.

CHANGES IN ACCOUNTING POLICIES

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 is involved in litigation and disputes arising from the normal course of operations. Management is of the opinion that the outcome of any potential litigation will not have a material adverse impact on the Company's financial position or results of operations. At December 31, 2021, the Company has accrued for what it believes is a reasonable amount with respect to any litigation claims.

SUBSEQUENT EVENT

No subsequent event.