

**Suite 214 – 3540 West 41<sup>st</sup> Street  
Vancouver, British Columbia  
CANADA V6N 3E6  
Telephone: 604-803-4883**

---

**April 12, 2021**

## **Introduction**

This Management Discussion & Analysis (“MD&A”) for Prism Resources Inc. (the “Company” or “Prism” or “we” or “us”) for the year ended December 31, 2020 has been prepared by management, in accordance with the requirements of National Instrument 51-102, as of April 12, 2021, and compares its financial results for the year ended December 31, 2020 and December 31, 2019. This MD&A provides a detailed analysis of the business of Prism and should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2020 and the audited consolidated financial statements for the year ended December 31, 2019. The Company reports its financial position, results of operations and cash-flows in accordance with International Financial Reporting Standards. The Company is presently a “Venture Issuer” as defined in NI 51-102.

## **Caution Regarding Forward Looking Statements**

This MD&A contains forward-looking statements and forward-looking information (collectively, “forward-looking statements”) within the meaning of applicable Canadian and US securities legislation. These statements relate to future events or the future activities or performance of the Company. All statements, other than statements of historical fact are forward-looking statements. Information concerning mineral resource estimates also may be deemed to be forward-looking statements in that it reflects a prediction of the mineralization that would be encountered if a mineral deposit were developed and mined. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate, plans and similar expressions, or which by their nature refer to future events. These forward looking statements include, but are not limited to, statements concerning:

- the Company’s strategies and objectives, both generally and in respect of its specific mineral properties or exploration and evaluation assets, if any;
- the timing of decisions regarding the timing and costs of exploration programs with respect to, and the issuance of the necessary permits and authorizations required for, the Company’s future exploration programs;
- the Company’s estimates of the quality and quantity of the mineralization at its mineral properties, if any;
- the timing and cost of future planned exploration programs of the Company and the timing of the receipt of results therefrom;
- the Company’s future cash requirements;
- general business and economic conditions;
- the Company’s ability to meet its financial obligations as they come due, and to be able to raise the necessary funds to continue operations; and

- the Company's expectation that it will be able to add additional mineral projects of merit to its assets.

Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Inherent in forward-looking statements are risks and uncertainties beyond the Company's ability to predict or control, including, but not limited to, risks related to the Company's inability to identify one or more economic deposits on its properties, variations in the nature, quality and quantity of any mineral deposits that may be located, variations in the market price of any mineral products the Company may produce or plan to produce, the Company's inability to obtain any necessary permits, consents or authorizations required for its activities, to produce minerals from its properties successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies, and other risks identified herein under "Risk Factors".

The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results are likely to differ, and may differ materially, from those expressed or implied by forward looking statements contained in this MD&A. Such statements are based on a number of assumptions which may prove incorrect, including, but not limited to, assumptions about:

- events such as war, terrorism, natural disaster or outbreaks of disease (such as the outbreak of a novel strain of coronavirus (COVID-19) in December 2019);
- general business and economic conditions;
- the timing of the receipt of regulatory and governmental approvals, permits and authorizations necessary to implement and carry on the Company's future planned exploration programs;
- conditions in the financial markets generally;
- the Company's ability to secure the necessary consulting, drilling and related services and supplies on favourable terms;
- the Company's ability to attract and retain key staff;
- the accuracy of the Company's resource estimates (including with respect to size and grade) and the geological, operational and price assumptions on which these are based; and
- the ongoing relations of the Company with its regulators.

These forward-looking statements are made as of the date hereof and the Company does not intend and does not assume any obligation, to update these forward looking statements, except as required by applicable law. For the reasons set forth above, investors should not attribute undue certainty to or place undue reliance on forward-looking statements.

Historical results of operations and trends that may be inferred from the following discussion and analysis may not necessarily indicate future results from operations. In particular, the current state of the global securities markets may cause significant reductions in the price of the Company's securities and render it difficult or impossible for the Company to raise the funds necessary to continue operations. See "Risk Factors – Insufficient Financial Resources/Share Price Volatility".

---

## **Current Business Activities**

---

### **General**

Prism Resources Inc. is a resource exploration company focused on Latin America. The Huampar Project (the “Project”) was the Company’s primary exploration project until it the agreement was terminated in March 2019.

Highlights of activities during the period and to the date of this MD&A include:

- In April 2019, the Company filed a Statement of Claim in the Ontario Superior Court of Justice against Detour Gold Corporation (“Detour”). In its claim the Company seeks general damages of \$10,000,000; special damages, costs and interest, as well as a declaratory judgement that its Royalty owned by Detour is valid charge and enforceable as against Detour. On January 31, 2020, Kirkland Lake Gold Ltd. (“Kirkland Lake”) completed the acquisition of Detour (“Kirkland Lake/Detour”).
- The Company’s legal counsel appeared in motions scheduling court on December 10, 2019 to determine the schedule of exchange of summary judgement documents. The scheduled date for hearing the summary judgement is May 28, 2020 but it has been postponed as a result of the Ontario courts effectively shutting down as a result of COVID-19.
- On October 8, 2020, the Company reported that it has received written endorsement from the Ontario Superior Court of Justice regarding scheduling for Summary Judgment proceedings in respect of a dispute between Kirkland Lake/Detour and the Company. Kirkland Lake/Detour must produce its materials by November 6, 2020, following which there is a schedule for reply materials, cross examinations, written argument and the hearing set for January 22, 2021. In addition, the Judge ordered that the parties should attend a case conference to determine whether this case should go to Summary Judgment or a mini-trial, and to see if the parties can settle.
- On March 5, 2021, the Ontario Superior Court heard the Company’s motion for summary judgment against Kirkland Lake/Detour) regarding its 7.5% NPI on lands adjacent to the Detour Lake mine. Among other significant areas, the NPI covers the newly discovered high grade zone N-58 which has the potential to be a standalone underground mine according to disclosures make by Kirkland Lake/Detour. Once all of the legal arguments have been presented to the Court as requested in the March 5, 2021, the Court will have six months to render a decision.
- On March 24, 2021, the Company’s noteholders agreed to lend additional funds to the Company in the amount of \$83,000 with substantially the same terms as the October 9, 2019 promissory note. The loans granted pursuant to the promissory note total \$249,000. The royalty provision in the note has been revised such that the Company shall pay to the lenders an amount equal to 35% of any funds to which the Company may become entitled in respect of the claim filed in the Ontario Superior Court of Justice against Detour. Pursuant to a conversion provision, the lenders have the option to convert on a dollar-for-dollar basis the entire unpaid principal and all accrued and unpaid interest into common shares of the Company at a price per share determined by dividing the dollar amount being converted by the market price of the shares, less the maximum allowable discount pursuant to applicable exchange policies.
- On April 1, 2021, the Ontario Superior Court of Justice ruled that the Company’s 7.5% NPI in Detour’s Aurora claims block and Sunday Lake claims block constitutes an interest in property held by the Company and is enforceable as against Kirkland Lake/Detour). The Court also awarded costs in favour of the Company.
- The Company announces that during the first quarter, Robert W. Baxter, the Company’s President and Chief Executive Officer and director, passed away at the age of sixty after a brief illness. Bob’s career as a successful geologist spanned nearly thirty years and several continents and was integral to the acquisition, development and sale of several public junior mining companies. The Company has appointed Brian Kerzner as Interim CEO and President.

*Net Profit Interest*

The Company has a 7.5% Net Profits Interest in certain mining claims in the Porcupine Mining District of Ontario, Canada.

On July 10, 2017, the Company announced that it had entered into a Royalty Purchase Agreement with AuRico for the sale by the company of the Royalty to AuRico. Following the announcement, the Company and AuRico received a written communication from Detour claiming the Royalty is invalid and unenforceable against Detour, notwithstanding Detour's long and consistent disclosure record to the contrary.

On July 21, 2017, the Company announced that the Royalty Purchase Agreement had been terminated, as a direct result of Detour's newly stated position repudiating any obligations under the Royalty. On August 1, 2017, the Company announced that it has filed a Notice of Civil Claim in the Supreme Court of British Columbia against Detour. In its claim the Company seeks general and special damages, costs and interest, as well as a declaratory judgment that its Royalty is a valid charge and enforceable as against Detour.

The first hearing was on April 20, 2018 with no conclusion on jurisdiction. On August 28, 2018, the Court ruled on the matter of jurisdiction for the legal proceedings, and the Company is moving forward with the proceedings.

In April 2019, the Company filed a Statement of Claim in the Ontario Superior Court of Justice against Detour. In its claim the Company seeks general damages of \$10,000,000; special damages, costs and interest, as well as a declaratory judgement that its Royalty owned by Detour is valid charge and enforceable as against Detour.

The Company's legal counsel appeared in motions scheduling court on December 10, 2019 to determine the schedule of exchange of summary judgement documents. The scheduled date for hearing the summary judgement is May 28, 2020 but it has been postponed as a result of the Ontario courts effectively shutting down as a result of COVID-19. On January 31, 2020, Kirkland Lake completed the acquisition of Detour.

In October 2020, the Company received written endorsement from the Ontario Superior Court of Justice regarding scheduling for Summary Judgment proceedings in respect to a dispute between Kirkland Lake/Detour and the Company. Kirkland Lake/Detour must produce its materials by November 6, 2020, following which there is a schedule for reply materials, cross examinations, written argument and the hearing set for January 22, 2021. In addition, the Judge ordered that the parties should attend a case conference to determine whether this case should go to Summary Judgment or a mini-trial, and to see if the parties can settle.

On March 5, 2021, the Ontario Superior Court heard the Company's motion for summary judgment against Kirkland Lake/Detour) regarding its 7.5% NPI on lands adjacent to the Detour Lake mine. Among other significant areas, the NPI covers the newly discovered high grade zone N-58 which has the potential to be a standalone underground mine according to disclosures made by Kirkland Lake/Detour. Once all of the legal arguments have been presented to the Court as requested in the March 5, 2021, the Court will have six months to render a decision.

On April 1, 2021, the Ontario Superior Court of Justice ruled that the Company's 7.5% NPI in Detour's Aurora claims block and Sunday Lake claims block constitutes an interest in property held by the Company and is enforceable as against Kirkland Lake/Detour). The Court also awarded costs in favour of the Company.

## **Risk Factors**

The Company is in the business of acquiring, exploring and, if warranted, developing and exploiting natural resource properties. Due to the nature of the Company's proposed business and the stage of exploration of its past resource properties and future potential property acquisitions, the following risk factors, among others, will apply:

***Additional Financing Requirements:*** The Company has generated funds through private placement financings, exercise of outstanding warrants and options. During the year ended December 31, 2020, no warrants or options were exercised. In addition, during the year ended December 31, 2020, the Company did not complete any financings.

***Insufficient Financial Resources:*** The Company does not have sufficient financial resources to fund its operating expenditures and future potential property acquisitions and therefore depend upon the Company's ability to obtain financing through private placement financing, public financing or other means. There can be no assurance that the Company will be successful in obtaining the required financing.

***The outbreak of the corona virus pandemic has impacted the Company's plans and activities:*** The Company's business, operations and financial condition could be materially and adversely affected by the outbreak of epidemics or pandemics or other health crises, including the recent outbreak of COVID-19. To date, there have been a large number of temporary business closures, quarantines and a general reduction in consumer activity in Canada. The outbreak has caused companies and various governmental bodies to impose travel, gathering and other public health restrictions. While these effects are expected to be temporary, the duration of the various disruptions to businesses locally and internationally and the related financial impact cannot be reasonably estimated at this time. Similarly, the Company cannot estimate whether or to what extent this outbreak and the potential financial impact may extend. Such public health crises can result in volatility and disruptions in the supply and demand for gold and other metals and minerals, global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect mineral prices, interest rates, credit ratings, credit risk, share prices and inflation. The risks to the Company of such public health crises also include slowdowns or temporary suspensions of operations in locations impacted by an outbreak, interruptions to supply chains and supplies upon which the Company relies, restrictions that the Company and its contractors and subcontractors impose to ensure the safety of employees and others, increased labor costs, regulatory changes, political or economic instabilities or civil unrest.

At this point, the extent to which COVID-19 will or may impact the Company is uncertain and these factors are beyond the Company's control; however, it is possible that COVID-19 may have a material adverse effect on the Company's business, results of operations and financial condition.

***Resource Exploration and Development is Generally a 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 resource deposits but from finding resource 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 resources 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.

***Fluctuation of Prices:*** Even if commercial quantities of resource deposits are discovered by the Company in its future potential property acquisitions, there is no guarantee that a profitable market will exist for the

sale of the product produced. Factors beyond the control of the Company may affect the marketability of any substances discovered. Commodity prices have experienced significant movement over short periods of time, and are affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved exploration and production methods. The supply of commodities is affected by various factors, including political events, economic conditions and production costs in major producing regions. There can be no assurance that the price of any commodities will be such that any of the potential properties in which the Company has, or has the right to acquire, an interest may be mined at a profit.

**Global Financial Conditions:** Market events and conditions, including disruptions in the Canadian, United States and international credit markets and other financial systems and the continued volatility of the Canadian, United States and global economic conditions, could, among other things, impede access to capital or increase the cost of capital, which would have an adverse effect on the Company's ability to fund its working capital and other capital requirements. Notwithstanding various actions by the U.S. and foreign governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions continue to be volatile and unpredictable. In addition, general economic indicators have deteriorated, including declining consumer sentiment, increased unemployment and declining economic growth and uncertainty about corporate earnings. These disruptions in the current credit and financial markets have had, and could continue to have a material adverse impact on a number of financial institutions and have limited access to capital and credit for many companies, particularly junior resource exploration companies such as the Company. These disruptions could, among other things, make it more difficult for the Company to obtain, or increase its cost of obtaining, capital and financing for its operations. The Company's access to additional capital may not be available on terms acceptable to the Company or at all.

**Resource Industry is Intensely Competitive:** The Company's business is the acquisition, exploration development of resource properties. The resource industry is intensely competitive and the Company will compete with other companies that have far greater resources.

**Permits and Licenses:** The operations of the Company, for its future potential acquisitions, will require consents, approvals, licenses and/or permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary consents, approvals, licenses and permits that may be required to carry out exploration, development and production operations at its future projects. Delays or 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.

**Government Regulation:** Any exploration, development or production, for its future potential acquisitions, carried on by the Company will be subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, resource taxes and labour standards. In addition, the profitability of any commodity is affected by the market for those commodities which is influenced by many factors including changing production costs, the supply and demand, and the rate of inflation, the inventory of commodity producing corporations, the political environment and changes in international investment patterns.

Worldwide securities markets, particularly those in the United States and Canada, have continued to experience a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploration or development stage companies, have experienced unprecedented declines in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Most significantly, the share prices of junior natural resource companies have experienced an unprecedented decline in value and there has been a significant decline in the number of buyers willing to purchase such securities, only recently has slight

recovery been observed. In addition, significantly higher redemptions by holders of mutual funds has forced many of such funds (including those holding the Company's securities) to sell such securities at any price. As a consequence, despite the Company's past success in securing significant equity financing, market forces may render it difficult or impossible for the Company to secure places to purchase new share issues at a price which will not lead to severe dilution to existing shareholders, or at all. Therefore, there can be no assurance that significant fluctuations in the trading price of the Company's common shares will not occur, or that such fluctuations will not materially adversely impact on the Company's ability to raise equity funding without significant dilution to its existing shareholders, or at all.

***Environmental Matters:*** Existing and possible future environmental legislation, regulations and actions could cause significant expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted and which may well be beyond the capacity of the Company to fund. The Company's right to exploit any future potential resource property will continue to be subject to various reporting requirements and to obtaining certain government approvals and there can be no assurance that such approvals, including environment approvals, will be obtained without inordinate delay or at all.

***Foreign Countries and Political Risk:*** The Company's subsidiary is located in Peru, where activities may be affected in varying degrees by political instability, expropriation of property and changes in government regulations such as tax laws, business laws, environmental laws and mining laws, affecting the Company's business in that country. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may adversely affect its business, or if significant enough, may make it impossible to continue to operate in that country. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, foreign exchange restrictions, export controls, income taxes, and expropriation of property, environmental legislation and mine safety.

The status of Peru as a developing country may make it more difficult to obtain any required exploration financing for future projects. The effect of all of these factors cannot be accurately predicted. There is the risk of political violence and increased social tension in Peru as a result of the increased civil unrest, crime and labour unrest. Roadblocks by members of the local communities, unemployed people and unions can occur on most national and provincial routes without notice.

Any limitation on the transfer of cash or other assets between the parent corporation of such entities, or among such entities, could restrict the Company's ability to fund its operations efficiently. Any such limitations, or the perception that such limitations may exist now or in the future, could have an adverse impact on the Company's valuation and stock price.

***Dependence Upon 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 future potential resource properties; (ii) the ability to produce resources from any resource deposits that may be located in the future; (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 future potential properties held by the Company. These and other factors will require the use of outside suppliers as well as the talents and efforts of the Company and its consultants and employees. 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. This is especially true as the competition for qualified geological, technical personnel and consultants is particularly intense in the current marketplace.

***Currency Fluctuations:*** The Company presently maintains its accounts in Canadian dollars. Due to the nature of its operations in Peru, the Company also maintains accounts in U.S. dollars and Peruvian Nuevo

soles. The Company's operations in Peru and its proposed exploration expenditures on future potential acquisitions in such countries are denominated in either local currencies or U.S. dollars, making it subject to foreign currency fluctuations. Such fluctuations are out of the Company's control and may materially affect the Company's financial position and results.

**Regulatory Requirements:** As stated above, the activities of the Company are subject to extensive regulations governing various matters, including environmental protection, management and use of toxic substances and explosives, management of natural resources, exploration, development of mines, production and post-closure reclamation, exports, price controls, taxation, regulations concerning business dealings with indigenous peoples, labour standards on occupational health and safety, including mine safety, and historic and cultural preservation. Failure to comply with applicable laws and regulations may result in civil or criminal fines or penalties, enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions, any of which could result in the Company incurring significant expenditures. The Company may also be required to compensate those suffering loss or damage by reason of a breach of such laws, regulations or permitting requirements. It is also possible that future laws and regulations, or more stringent enforcement of current laws and regulations by governmental authorities, could cause additional expense, capital expenditures, restrictions on or suspension of the Company's operations and delays in the exploration and development of the Company's properties.

**No Assurance of Profitability:** The Company has no history of earnings and due to the nature of its business there can be no assurance that the Company will ever be profitable. The Company has not paid dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. The only present source of funds available to the Company is from the sale of its common shares or, possibly, from the sale or optioning of a portion of its interest in its future potential resource properties. Even if the results of exploration are encouraging, the Company may not have sufficient funds to conduct the further exploration that may be necessary to determine whether or not a commercial deposit exists. While the Company may generate additional working capital through further equity offerings or through the sale or possible syndication of its future potential properties, there can be no assurance that any such funds will be available on favourable terms, or at all. At present, it is impossible to determine what amounts of additional funds, if any, may be required. Failure to raise such additional capital could put the continued viability of the Company at risk.

**Uninsured or Uninsurable Risks:** The Company may become subject to liability for pollution or hazards against which it cannot insure or against which it may elect not to insure where premium costs are disproportionate to the Company's perception of the relevant risks. The payment of such insurance premiums and of such liabilities would reduce the funds available for exploration and production activities.

## **SELECTED FINANCIAL INFORMATION**

---

### **SELECTED ANNUAL INFORMATION**

The Company's consolidated financial statements for the years ended December 31, 2020 and 2019 (the "Financial Statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The following selected financial information for the years ended December 31, 2020 and December 31, 2019 is taken from the Company's audited consolidated financial statements for the year ended December 31, 2020 (the "Financial Statements"). The information for the year ended December 31, 2018 is taken from the audited consolidated financial statements for the year ended December 31, 2019. This information should be read in conjunction with those statements. Selected annual financial information appears below.

	<b>Years Ended December 31</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Statement of Operations</b>			
Total revenues (interest)	\$ -	\$ -	\$ -
Loss before other items	\$ (391,591)	\$ (651,013)	\$ (698,661)
Impairment of exploration and evaluation assets	\$ -	\$ -	\$ (1,190,387)
Cost recovery	\$ -	\$ -	\$ 80,000
Net loss for the year	\$ (422,682)	\$ (660,457)	\$ (1,835,366)
Weighted average number of common shares outstanding	51,945,393	51,945,393	51,849,503
Basic and diluted income (loss) per common share	\$ (0.01)	\$ (0.01)	\$ (0.04)
<b>Statement of Financial Position</b>			
Total assets	\$ 112,842	\$ 51,988	\$ 83,996
Working capital (deficit)	\$ (2,093,572)	\$ (1,671,695)	\$ (1,019,608)

Operating costs and expenses for the year ended December 31, 2020 were \$391,591 (2019 - \$651,013 and 2018 - \$698,661). The decrease in 2020 expenses primarily resulted from a decrease in exploration and evaluation expenditures in the amount of \$36,153 to a recovery of \$12,793 (2019 – expenditures of \$23,360), a decrease in professional fees of \$211,855 to a recovery of \$1,768 (2019 – expenditures of \$210,087) as a result of the reclassification of security deposit of \$98,415 in the current year offset by legal fees due to the civil claim filed against Detour. The decrease in 2019 expenses primarily resulted from a decrease in exploration and evaluation expenditures in the amount of \$87,551 to \$23,360 (2018 - \$110,911), offset by an increase in professional fees of \$40,482 to \$210,087 (2018 - \$169,605) as a result of the civil claims filed against Detour.

**QUARTERLY FINANCIAL INFORMATION**

		<b>Three Months Ended</b>			
		<b>December 31, 2020 (2020 Q4)</b>	<b>September 30, 2020 (2020 Q3)</b>	<b>June 30, 2020 (2020 Q2)</b>	<b>March 31, 2020 (2020 Q1)</b>
Total revenues (interest)	c	\$ -	\$ -	\$ -	\$ -
Loss before other items	\$	(160,897)	(92,248)	(19,163)	(119,283)
Impairment of exploration and evaluation assets	\$	-	-	-	-
Cost recovery	\$	-	-	-	-
Net loss for the period	\$	(165,074)	(98,393)	(21,116)	(138,099)
Basic and diluted loss per common share	\$	(0.00)	(0.00)	(0.00)	(0.00)
Total assets	\$	112,842	117,688	113,531	38,472
Working capital (deficit)	\$	(2,093,572)	(1,928,699)	(1,830,508)	(1,809,593)

	<b>Three Months Ended</b>			
	<b>December 31, 2019 (2019 Q4)</b>	<b>September 30, 2019 (2019 Q3)</b>	<b>June 30, 2019 (2019 Q2)</b>	<b>March 31, 2019 (2019 Q1)</b>
Total revenues (interest)	\$ -	\$ -	\$ -	\$ -
Loss before other items	\$ (253,012)	\$ (133,701)	\$ (127,833)	\$ (136,467)
Write-off of exploration and evaluation assets	\$ -	\$ -	\$ -	\$ -
Cost recovery	\$ -	\$ -	\$ -	\$ -
Net loss for the period	\$ (260,166)	\$ (135,616)	\$ (126,502)	\$ (138,173)
Basic and diluted loss per common share	\$ (0.01)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Total assets	\$ 51,988	\$ 54,695	\$ 55,141	\$ 58,215
Working capital (deficit)	\$ (1,671,695)	\$ (1,411,770)	\$ (1,287,597)	\$ (1,158,338)

**Loss before other items and Net loss for the period**

The Company's net loss increased for the period 2020 Q4 compared to 2020 Q3 mainly due to an exploration and evaluation recovery of \$13,038 in 2020 Q3 and an increase in professional fees of \$45,931 in 2020 Q4 as a result of the civil claims filed against Detour.

The Company's net loss increased for the period 2020 Q3 compared to 2020 Q2 and net loss decreased for the period 2020 Q2 compared to 2020 Q1 mainly due to the reclassification of security deposit which resulted in a recovery of professional fees of \$98,415 in 2020 Q2.

The Company's net loss increased for the period 2020 Q1 compared to 2019 Q4 and 2019 Q4 compared to 2019 Q3 due to an increase in professional fees as a result of the civil claims filed against Detour.

The Company's net loss increased for the period 2019 Q4 compared to 2019 Q3 due to an increase in professional fees as a result of the civil claims filed against Detour.

The Company's net loss increased for the period 2019 Q3 compared to 2019 Q2 due to a combination of small increases.

The Company's net loss decreased for the period 2019 Q2 compared to 2019 Q1 mainly due to a lack of funding available.

**Total assets**

Total assets increased in 2020 Q2 due to the reclassification of security deposit paid to the Court of \$98,415. Overall, total assets decreased quarter over quarter with the exception of 2020 Q. The decrease in total assets in the other quarters was as a result of a decrease in cash due to a lack of funding available.

**Working capital (deficit)**

Over the past eight quarters, there was a decrease in working capital. The decrease in working capital is as a result of decrease in current assets such as cash, an increase in current liabilities such as accounts payable and accrued liabilities, and due to related parties. The decrease in working capital is a result of decrease in current assets such as cash, an increase in current liabilities such as accounts payable and accrued liabilities, and due to related parties, and an increase in loans payable. As the Company continues its efforts of securing further financing, the current liabilities increases while current assets such as cash decreases.

## **RESULTS OF OPERATIONS**

### *Year ended December 31, 2020 Compared to Year ended December 31, 2019*

For the year ended December 31, 2020, the Company had a net loss of \$422,682 as compared to a net loss of \$660,457 in the comparative year. The decrease in net loss of \$237,775 in the current year was due to a combination of factors discussed below.

Consulting fees of \$377,312 (2019 - \$395,472) and exploration and evaluation recovery of \$12,793 (2019 – expenditure of \$23,360) decreased mainly to the reversal of prior year expenses write-off in the current period.

Recovery in professional fees of \$1,768 (2019 – expense of \$210,087) decreased mainly due to the reclassification of security deposit of \$98,415 in the current period offset by legal fees for the civil claim filed against Detour.

There was an increase in loss in other items due to a decrease in realized gain on disposal of marketable securities of \$nil (2019 - \$5,660), an increase in interest expense of \$36,900 (2019 - \$17,730) related to a promissory note entered into in October of 2019 offset by an increase in foreign exchange income to \$5,809 (2019 - \$2,626) which is the result of factors outside of the Company's control.

### *Three months ended December 31, 2020 Compared to Three months ended December 31, 2019*

For the three months ended December 31, 2020, the Company had a net loss of \$165,074 as compared to a net loss of \$260,166 in the comparative period of the prior year. The decrease in net loss of \$95,092 in the current period was due to the following factors discussed below.

Exploration and evaluation expenditures of \$245 (2019 - \$13,398) decrease mainly due to lack of funding available as well as the Company impaired its Huampar Property during the comparative period of the prior year.

Professional fees of \$56,593 (2019 – \$134,004) decreased mainly due a decrease in legal fees as the majority of the fees for the civil claim filed against Detour were incurred in the comparative period of the prior year.

## **LIQUIDITY AND CAPITAL RESOURCES**

The Company has no revenue generating operations from which it can internally generate funds. To date, the Company's ongoing operations have been predominantly financed by the sale of its equity securities by way of private placements and the subsequent exercise of share purchase warrants issued in connection with such private placements as well as loans and convertible debentures. However, the exercise of warrants/options is dependent primarily on the market price and overall market liquidity of the Company's securities at or near the expiry date of such warrants/options (over which the Company has no control) and therefore there can be no guarantee that any existing warrants/options will be exercised. When acquiring an interest in mineral properties through purchase or option the Company will sometimes issue common shares to the vendor or optionee of the property as partial or full consideration for the property interest in order to conserve its cash.

The Company expects that it will operate at a loss for the foreseeable future, and that it will require additional financing to fund the acquisition of future resource property and to continue its operations (including general and administrative expenses) beyond 2020. Additional financing will be required for

the Company to maintain its existing level of operations and / or acquire, explore or develop any resource property.

As at December 31, 2020, the Company reported cash of \$785 compared to \$43,872 as at December 31, 2019. The Company had a working capital deficit of \$2,093,572 as at December 31, 2020 compared to working capital deficit of \$1,671,695 as at December 31, 2019. The increase in working capital deficit was mainly due to decrease in cash, increase in accounts payable and accrued liabilities, and increase in amount due to related parties. The Company has not entered into any long-term lease commitments nor is the Company subject to any mineral property commitments other than those outlined under note 8 in the Company's audited consolidated financial statements for the year ended December 31, 2020.

The Company currently has no further funding commitments or arrangements for additional financing at this time and there is no assurance that the Company will be able to obtain additional financing on acceptable terms, if at all. There is significant uncertainty that the Company will be able to secure any additional financing in the current equity markets - see "Risk Factors - Insufficient Financial Resources/Share Price Volatility". The quantity of funds to be raised and the terms of any proposed equity financing that may be undertaken will be negotiated by management as opportunities to raise funds arise. Specific plans related to the use of proceeds will be devised once financing has been completed and management knows what funds will be available for these purposes.

The Company has no exposure to any asset-backed commercial paper. Other than cash held by its subsidiary for their immediate operating needs in Peru, the majority of the Company's cash reserves are on deposit with a major Canadian chartered bank. The Company does not believe that the credit, liquidity or market risks with respect thereto have increased as a result of the current market conditions. However, in order to achieve greater security for the preservation of its capital, the Company has, of necessity, been required to accept lower rates of interest which has also lowered its potential interest income.

#### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company has not entered into any significant off-balance sheet arrangements or commitments.

#### **RELATED PARTY TRANSACTIONS**

##### *Compensation of Key Management*

The related party transactions incurred during the year ended December 31, 2020 were in the normal course of operations. During the year ended December 31, 2020, the Company entered into the following transactions with related parties and accrued the following amounts, excluding share-based payment charges in connection therewith:

<b>Name</b>	<b>Relationship</b>	<b>Purpose of transaction</b>	<b>Amount</b>
Brian Kerzner	Director of the Company	Director's fees	\$ 24,000
Robert Parsons	Director of the Company	Director's fees	\$ 30,000
Timothy Moody	Director of the Company	Director's fees	\$ 24,000
Julian Bavin	Director of the Company	Director's fees	\$ 24,000
Robert Baxter	Former President, CEO and Director of the Company	Consulting fees for providing services as the former President and CEO of the Company	\$ 240,000

<b>Name</b>	<b>Relationship</b>	<b>Purpose of transaction</b>	<b>Amount</b>
Skibo Capital Corporation	Company controlled by the CFO and Corporate Secretary of the Company	Consulting fees for providing financial reporting services and Corporate Secretary services for the Company	\$ 42,000

During the three months ended December 31, 2020, the Company entered into the following transactions with related parties and paid or accrued the following amounts, excluding share-based payment charges in connection therewith:

<b>Name</b>	<b>Relationship</b>	<b>Purpose of transaction</b>	<b>Amount</b>
Brian Kerzner	Director of the Company	Director's fees	\$ 6,000
Robert Parsons	Director of the Company	Director's fees	\$ 7,500
Timothy Moody	Director of the Company	Director's fees	\$ 6,000
Julian Bavin	Director of the Company	Director's fees	\$ 6,000
Robert Baxter	Former President, CEO and Director of the Company	Consulting fees for providing services as the former President and CEO of the Company	\$ 60,000
Skibo Capital Corporation	Company controlled by the CFO and Corporate Secretary of the Company	Consulting fees for providing financial reporting services and Corporate Secretary services for the Company	\$ 10,500

During the year and three months ended December 31, 2020 and to the date of this MD&A, there were no stock options granted to insiders.

At December 31, 2020, included in due to related parties was \$1,478,602 (December 31, 2019 - \$1,086,131) in expenses owing to directors and companies with common directors. These amounts were unsecured and non-interest-bearing.

At December 31, 2020, included in loans payable was \$53,000 (December 31, 2019 - \$53,000) owing to directors of the Company and the CFO of the Company. The loans bear interest at an annual rate varying from 12% to 15 % per annum due on demand and are secured against all or substantially all of the assets of the Company.

### **PROPOSED TRANSACTIONS**

As at the date of this MD&A there are no proposed transactions where the Board of Directors or senior management believes that confirmation of the decision by the Board is probable or with which the Board and senior management have decided to proceed.

### **CRITICAL ACCOUNTING ESTIMATES**

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting year. Management believes the estimates used are reasonable; however, actual results could differ materially from those estimates and, if so, would impact future results of operations and cash flows.

## **FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS**

The carrying values of cash, accounts payable and accrued liabilities, loans payable, and amounts due to related parties approximate their fair values due to the short-term maturity of these financial instruments.

The Company's cash at December 31, 2020 was \$785 of which \$167 was held in US dollars and \$254 was held in Peruvian soles.

The Company's accounts receivable and payables at December 31, 2020 were normal course business items that are settled on a regular basis.

The Company's risk exposure on the Company's financial instruments is not significant.

## **MATERIAL PROCEEDINGS**

On August 1, 2017, the Company announced that it has filed a Notice of Civil Claim in the Supreme Court of British Columbia against Detour. In its claim the Company seeks general and special damages, costs and interest, as well as a declaratory judgment that its Royalty is a valid charge and enforceable as against Detour. The first hearing was on April 20, 2018 with no conclusion on jurisdiction. On August 28, 2018, the Court ruled on the matter of jurisdiction for the legal proceedings, and the Company is moving forward with the proceedings.

In April 2019, the Company filed a Statement of Claim in the Ontario Superior Court of Justice against Detour. In its claim the Company seeks general damages of \$10,000,000; special damages, costs and interest, as well as a declaratory judgement that its Royalty owned by Detour is valid charge and enforceable as against Detour. The Company has deposited \$98,415 in trust with the Ontario Superior Court as security to cover Defendant's legal costs in the event that the Court instructs the Company to pay Defendants' costs. On January 31, 2020, Kirkland Lake completed the acquisition of Detour.

The Company's legal counsel appeared in motions scheduling court on December 10, 2019 to determine the schedule of exchange of summary judgement documents. The scheduled date for hearing the summary judgement is May 28, 2020 but it has been postponed as a result of the Ontario courts effectively shutting down as a result of COVID-19.

In October 2020, the Company received written endorsement from the Ontario Superior Court of Justice regarding scheduling for Summary Judgment proceedings in respect to a dispute between Kirkland Lake/Detour and the Company. Kirkland Lake/Detour must produce its materials by November 6, 2020, following which there is a schedule for reply materials, cross examinations, written argument and the hearing set for January 22, 2021. In addition, the Judge ordered that the parties should attend a case conference to determine whether this case should go to Summary Judgment or a mini-trial, and to see if the parties can settle.

On March 5, 2021, the Ontario Superior Court heard the Company's motion for summary judgment against Kirkland Lake/Detour) regarding its 7.5% NPI on lands adjacent to the Detour Lake mine. Among other significant areas, the NPI covers the newly discovered high grade zone N-58 which has the potential to be a standalone underground mine according to disclosures made by Kirkland Lake/Detour. Once all of the legal arguments have been presented to the Court as requested in the March 5, 2021, the Court will have six months to render a decision.

On April 1, 2021, the Ontario Superior Court of Justice ruled that the Company's 7.5% NPI in Detour's Aurora claims block and Sunday Lake claims block constitutes an interest in property held by the Company

and is enforceable as against Kirkland Lake/Detour). The Court also awarded costs in favour of the Company.

#### **DISCLOSURE OF OUTSTANDING SHARE DATA**

##### **Authorized**

Unlimited number of voting common shares without par value.

##### **Issued:**

As at December 31, 2020 and April 12, 2021

<b>Issued Common Shares</b>	<b>Value</b>
51,945,393	\$ 16,463,801

##### **Incentive Stock Options Outstanding:**

As at December 31, 2020 and April 12, 2021, there were no stock options outstanding.

##### **Share Purchase Warrants Outstanding:**

As at December 31, 2020 and April 12, 2021, there were no share purchase warrants outstanding.

#### **ADDITIONAL INFORMATION**

Additional information relating to our Company is available on SEDAR at [www.sedar.com](http://www.sedar.com)