# STONE GOLD INC.
# (FORMERLY CR CAPITAL CORP.)

## MANAGEMENT'S DISCUSSION AND ANALYSIS

## FOR THE YEAR ENDED DECEMBER 31, 2020

## Introduction

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Stone Gold Inc. (formerly CR Capital Corp.) (the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended December 31, 2020. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual financial statements of the Company for the years ended December 31, 2020 and 2019, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's financial statements and the financial information contained in this MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. Information contained herein is presented as of April 20, 2021, unless otherwise indicated.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors (the "Board"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Additional information about the Company is available free of charge on the System for Electronic Document Analysis and Retrieval (SEDAR) website at ***www.sedar.com.***

## Cautionary Note Regarding Forward-Looking Information

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

| Forward-looking information | Assumptions | Risk factors |
|---|---|---|
| The Company will be able to continue its business activities and exploration of its property interests as currently planned. | The Company has anticipated all material costs and risks, and such costs and activities will be consistent with the Company's current expectations; the Company will be able to obtain equity funding when required. | Unforeseen costs to the Company will arise; ongoing uncertainties relating to the COVID-19 pandemic; any particular operating cost increase or decrease from the date of the estimation; and capital markets not being favourable for funding resulting in the Company not being able to obtain financing when required or on acceptable terms. |
| The Company will be able to carry out anticipated business plans and exploration activities. | The operating activities of the Company for the twelve months ending December 31, 2021 will be consistent with the Company's current expectations. | Sufficient funds not being available; increases in costs; ongoing uncertainties relating to the COVID-19 pandemic; the Company may be unable to retain key personnel. |
| The Company has been investigating several reverse takeover opportunities ("RTO") with the intention of completing a transaction in 2021. | The Company will be able to find a suitable target company with a valuation that is accretive to Company shareholders. | Changes in equity markets and ongoing uncertainties relating to the COVID-19 pandemic could make for difficulties in finding a suitable candidate. |

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please also make reference to those risk factors referenced in the "Risk Factors" section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

## Description of Business

The Company was incorporated on December 13, 2002, and is a reporting issuer in British Columbia, Alberta and Ontario. The Company's fiscal year end is December 31. The Company is engaged in the acquisition, exploration and evaluation of properties for the mining of precious and base metals.

On August 26, 2020, the Company changed its corporate name from CR Capital Corp. to Stone Gold Inc. The Company's shares commenced trading on the TSXV under the new name at the opening of trading on September 21, 2020 and under the new trading symbol "STG".

## Operational Highlights

**Corporate**

On January 13, 2020, the Company announced that its Exploration Plan applications, which had been elevated by the Ontario Ministry of Energy, Northern Development and Mines to Exploration Permit application status, have now been granted such that the Company can proceed with its planned surface exploration program of trenching and ground and borehole geophysical surveys on the Coppercorp Property. An agreement to conduct basic surface exploration had been signed and activated with the Batchewana First Nation in the spring of 2018.

On May 15, 2020, 280,000 stock options with an exercise price of $0.05 and expiry date of April 12, 2024 were exercised for gross proceeds of $14,000.

On June 11, 2020, the Company issued 150,000 common shares valued at $14,250 to acquire an option on the Mount Jamie North Property. Refer to "Mount Jamie North Property" section below.

In connection with the acquisition of the Mount Jamie North Property, the Company paid a finder's fee of 50,000 common shares valued at $4,750 to a third party, who aided the Company in identifying and acquiring the property.

On July 20, 2020, the Company closed the first tranche ("First Tranche") of the non-brokered private placement for aggregate gross proceeds of $814,800. The First Tranche consisted of the sale of 5,810,000 units ("Units") at a price of $0.08 per Unit and 3,500,000 flow-through units ("FT Units") at a price of $0.10 per FT Unit.

On July 24, 2020, the Company closed the second and final tranche ("Second Tranche") of the non-brokered private placement for aggregate gross proceeds of $185,200. The Second Tranche consisted of the sale of 440,000 Units at a price of $0.08 per Unit and 1,500,000 FT Units at a price of $0.10 per FT Unit.

Each FT Unit consists of one flow-through common share of the Company and one-half of one common share purchase warrant (each whole warrant, a "FT Warrant"), with each FT Warrant entitling the holder thereof to acquire one additional common share of the Company at a price of $0.125 for a period of eighteen months following the closing of the offering. Each Unit consists of one common share of the Company and one common share purchase warrant (each a "Warrant"), with each Warrant entitling the holder thereof to acquire one additional common share of the Company at a price of $0.10 for a period of eighteen months following the closing of the offering.

On November 2, 2020, the Company appointed John Timmons as President and CEO of the Company.

On November 2, 2020, the Company granted 950,000 stock options to certain directors, officers and consultants of the Company. All options are exercisable at a price of $0.15 per common share. The options vest immediately and expire in five years.

On November 30, 2020, 120,000 warrants with an exercise price of $0.10 and expiry date of January 20, 2022 were exercised for gross proceeds of $12,000.

On November 30, 2020, the Company issued 150,000 common shares valued at $16,500 to acquire an option on the Mount Jamie North Property. Refer to "Mount Jamie North Property" section below.

On December 9, 2020, the Company announced the appointment of Shaun Drake as Corporate Secretary of the Company and in connection with his appointment granted 50,000 stock options of the Company. All options are exercisable at a price of $0.17 per common share. The options vest immediately and expire in five years.

On December 30, 2020, the Company closed a non-brokered private placement for aggregate gross proceeds of $500,000. The offering consisted of the sale of 2,500,000 flow-through units at a price of $0.20 per flow-through unit. Each FT Unit consists of one flow-through common share of the Company and one-half of one common share purchase warrant (each whole warrant, a "FT Warrant"), with each FT Warrant entitling the holder thereof to acquire one additional common share of the Company at a price of $0.30 for a period of twenty-four months following the closing of the offering. In connection with the offering eligible finders were paid $23,674 in cash compensation for their assistance with the offering.

At December 31, 2020, the Company had a working capital of $905,383, compared to working capital of $2,400 at December 31, 2019. The Company had cash of $1,075,884 at December 31, 2020, compared to $31,389 at December 31, 2019. The increase in working capital was attributable to the completion of private placements in July 2020 and December 2020 for total gross proceeds of $1,000,000 and $500,000, respectively which was offset by the Company's operating expenses. The increase in cash was attributable to proceeds from the private placements and from the sale of shares of Yorbeau Resources Inc. ("Yorbeau"), which was offset by the cost of operating activities.

## Mount Jamie North Property

On June 3, 2020, the Company announced it entered into an option agreement with Bounty Gold Corp. (the "Vendor"), a private company, to purchase a 100% interest in the Mount Jamie North Property (the "MJ Property") located in Red Lake, Ontario. The MJ Property consists of certain mineral claims located in Todd Township, Red Lake Mining Division, District of Kenora, Northwestern Ontario.

Under the terms of the option agreement, the Company has the option to acquire a 100% interest in the MJ Property by making the following cash payments and share issuances:

- An initial cash payment of $7,500 (paid) and the issuance of 150,000 common shares of the Company (issued and valued at $14,250) by the seventh day following acceptance of the TSXV (the "Closing");
- A cash payment of $7,500 (paid) and issuing 150,000 common shares (issued and valued at $16,500) within 180 days after the Closing; and
- A cash payment of $10,000 and issuing 200,000 common shares within one year after the Closing.

The Company can, at its option, accelerate the cash payments and common share issuances described above. All common share issuances by the Company will be subject to a statutory 4-month hold period as per Canadian securities law.

In addition, the Company will pay a 2.0% Net Smelter Return royalty (the "NSR") to the Vendor on commencement of commercial production. The Company will have the right, at any time and upon 30 days' notice, to purchase 1.0% of the 2.0% NSR for $1,000,000.

The Company has completed an initial field geological examination, including an outcrop and trench sampling program. The highest assay reported was from a grab sample of a 10 cm wide quartz vein that returned 5.6 grams per tonne (g/t) gold and appears to be within the same stratigraphic package as the neighboring Mount Jamie and Rowan Mines.

A drone magnetic geophysical survey was completed which covered the interpreted favorable west-northwest geological trends over the Property. This survey has outlined areas of magnetic folding, offsets and washout which have aided in ranking areas for follow-up exploration. A lithogeochemical sampling program was conducted on the property. Drilling was recommended for the winter of 2021 in order to test these targets.

The Company sourced drilling quotes and approved a budget of $350,000 to drill 1,000 metres of diamond drilling in the first quarter of 2021.

## Coppercorp – Glenrock Gold Property

On March 16, 2018, the Company announced that a 43-101 Technical Report was filed under the Company's SEDAR profile at at **www.sedar.com** on the 100% owned claims acquired from Superior Copper Corporation on March 5, 2018, and is situated in Ryan, Kincaid, Palmer, and Nicolet townships in the Province of Ontario.

The claim holdings, named the Coppercorp – Glenrock Gold Property (the "CG Property"), consist of 921 unpatented mining cell claims totaling approximately 18,770 hectares, and is situated on the eastern edge of the Midcontinental Rift (the "Rift") with most of the Rift lying beneath Lake Superior. Numerous past-producing and present deposits have been discovered and mined around Lake Superior associated with the Rift, including the prolific native copper deposits of the Keweenawan Peninsula, Michigan from which over six million tonnes of copper were recovered between 1845 - 1972. The CG Property straddles the north-northwest trending unconformity between the Proterozoic Keweenawan Group rocks to the west and the Batchawana Greenstone Belt of the Archean Superior Province to the east. Multiple Keweenawan felsic intrusions and breccia bodies hosting copper, silver, cobalt and gold mineralization intrude the Archean Metavolcanic rocks throughout the CG Property and in the vicinity of the unconformity.

Since 2018, research of previous exploration within the contiguous southeastern portion of the CG Property, separately named the Glenrock Gold Property, supported by the recent evaluation of surface rock and soil sample surveys, suggest the presence of a significant orogenic gold mineralizing system hosted by the Archean rocks of the Batchewana greenstone Belt.

Highlights of the recent exploration of the CG Property are the identification of multiple new exposures of surface gold mineralization in the Glenrock West and Northwest occurrences extending 300 metres west along strike to the west from the historic Glenrock Main and North occurrences. In total from the 2018-2020 evaluations, 81 grab, composite grab and chip rock samples obtained over an area of 400 by 350 metres, encompassing the four occurrences, returned an average Au value of 1.55 g/t Au ranging from 0.003 to 13.4 g/t Au. It is noted that grab samples are selected samples and are not necessarily representative of the mineralization hosted on the property.

Exciting results include chip sampling returning an average 1.32 g/t Au over five metres across a rusty pyritic shear zone within silicified mafic volcanic rocks between the Glenrock West and Main occurrences and five 0.5 metre composite grab samples over six square metres of the Glenrock Northwest occurrence reporting an average grade of 5.82 g/t Au. The results of a soil survey over the same area outline Au anomalies coincident and supportive of the rock sampling results. Both the rock and soil sampling results plus the sampling of previously unanalyzed historic core combined with a geological re-evaluation indicate the major gold mineralizing system is open at depth, to the west into a swamp and to the east into an esker.

The gold-enriched area is spatially coincident with historic ground IP high chargeability and resistivity anomalies that were identified in a 1997 survey, and which are open-ended to the west and east. The geophysical, geological plus recent and historic geochemical results was compiled into a three-dimensional exploration model that have generated multiple priority, previously untested, drill targets. These targets are recommended for testing this year with the purpose of defining a major near-surface gold resource body.

The Company has received an Exploration Permit from the Ministry of Energy, Northern Development and Mines to complete diamond drilling on its CG Property. A consultation process with the Batchewana First Nation has resulted in their approval to conduct subsurface exploration on their traditional territory.

Within the larger Coppercorp portion of the CG Property, two prospects of copper mineralization are of particular interest which require follow-up exploration with the purpose of defining a major copper resource.

The first is within the five km long north-northwest trend of the past-producer Coppercorp Cu (+-Ag-Au) Mine which is hosted in deep seated fractures in Proterozoic mafic volcanic rocks. Recent results confirmed the presence of high-grade Cu-Ag-Au from surface grab sampling of chalcocite mineral occurrences reporting up to new 15.5% Cu, 51.7 g/t Ag, and 0.3 g/t Au along this trend from Coppercorp Mine, which remains essentially unexplored since the 1960s when the mine was in operation. This is supported by historic diamond drilling in 2013, up to 500 metres south-southeast along this trend from the mine which reported multiple Cu-Ag intersections including 4.9 metres of 7.27 % Cu and 145 g/t Ag and 1.9 metres of 2.88% Cu and 5.4 g/t Ag, respectively.

The second is from the Kincaid Cu Breccia area along the north-northwest striking Keweenawan-Archean unconformity where the clearing of logging roads in 2018 resulted in reveal of a newly exposed copper mineralized showing. Six composite grab samples obtained from along 40 metres of surface exposures along the side of the new road, located 700 metres north northwest along strike from the Kincaid Breccia Showing, returned an average 0.47% Cu with assays of up to 1.07% Cu plus multiple anomalous grab samples of occurrences in the area reporting values of up to 1.7% Cu. A 2014 diamond drillhole situated 800 metres to the west intersected at depth, in spatial association with the Keweenawan – Archean contact, 97 metres of 0.63% Cu including 0.5 metres of 16.4% Cu, 3.1 g/t Au and 11 g/t Ag. Follow-up geophysical surveying is needed over this overburden covered area in order to define near-surface drill targets that will lead to these types of intersections in the Kincaid Breccia area.

Based upon the "Independent Technical Report, Coppercorp Property, Sault Ste Marie, Ontario, Prepared by Trevor Boyd, PhD, P.Geo" dated December 5, 2017 and filed on **www.sedar.com** on March 5, 2018, the proposed exploration plan and budget outlined below is separated into two phases, phase one to be conducted when capital is sourced to be followed by phase two, if phase one is successful. The plan and budget from the report remains largely unchanged for 2021, except perhaps for the additional work planned for reprocessing and re-modelling of historic geophysical data for the Coppercorp and Glenrock areas of the Property. The review, surface outcrop and soil sampling, and modelling of the Glenrock Prospect is largely complete and drill ready.

| Phase 1 Budget [1] | Cost |
|---|---|
| 3D compilation and modelling of drill holes for Coppercorp and Jogran/Richards area. | $25,000 |
| Line cutting, surface mapping and sampling for Kincaid and Richards areas including reconnaissance prospecting. | 60,000 |
| Ground IP and magnetics surveys for Kincaid and Richards areas. | 150,000 |
| Technical consulting and management. | 25,000 |
| Review and re-sampling of historic drill core and trenches at the Glenrock prospect. | 16,000 |
| Multi-element and gold geochemical analyses of rocks. | 4,000 |
| **Total Phase 1** | **$280,000** |

| Phase 2 Budget [1] | Cost |
|---|---|
| Borehole IP and Mise a La Masse surveys for selected regional deep holes. | $50,000 |
| Multi-element and gold geochemical analyses of rocks and core. | 80,000 |
| Diamond drilling of generating targets. | 500,000 |
| **Total Phase 2** | **$630,000** |

| | |
|---|---|
| **Total** | **$910,000** |

[1] Management estimates that most of these costs will not be incurred in fiscal 2021.

| Coppercorp Property | Total December 31, 2020 ($) | Total December 31, 2019 ($) |
|---|---|---|
| General and geology | 56,087 | 21,935 |
| Geochemistry | nil | 3,230 |
| Laboratory analysis | 6,328 | nil |
| Administration | 731 | nil |
| **Total** | **63,146** | **25,165** |

## Off-Balance-Sheet Interests

The Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on its financial performance or financial condition, including, without limitation, such considerations as liquidity, capital expenditures and capital resources that would be considered material to investors.

## Proposed Transactions

There are no proposed transactions of a material nature being considered by the Company. The Company continues to evaluate transactions that it may complete in the future.

## Capital Management

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis. The Company's ability to continue to carry out its operating activities is uncertain and dependent upon the continued financial support of its shareholders and securing additional financing.

The Company considers its capital to be equity, comprising share capital, reserves and accumulated deficit, which at December 31, 2020, totaled $905,383 (December 31, 2019 - $2,400) which is an increase of $902,983.

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities.

The Company's capital management objectives, policies and processes have remained unchanged during the year ended December 31, 2020. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body other than the flow-through contractual obligations.

## Selected Annual Financial Information

The following is selected financial data derived from the annual financial statements of the Company at December 31, 2020, 2019 and 2018 and for the years ended December 31, 2020, 2019 and 2018.

| Description | Year ended December 31, 2020 ($) | Year ended December 31, 2019 ($) | Year ended December 31, 2018 ($) |
|---|---|---|---|
| Total loss | (478,812) | (109,102) | (568,039) |
| Net loss per common share – basic | (0.03) | (0.01) | (0.06) |
| Net loss per common share – diluted | (0.03) | (0.01) | (0.06) |
| | | | |

| Description | As at December 31, 2020 ($) | As at December 31, 2019 ($) | As at December 31, 2018 ($) |
|---|---|---|---|
| Total assets | 1,096,842 | 66,615 | 117,128 |
| Total non-current financial liabilities | nil | nil | nil |
| Distribution or cash dividends | nil | nil | nil |
| | | | |

- The net loss for the year ended December 31, 2020, consisted primarily of (i) general and administrative of $357,152; (ii) exploration and evaluation expenditures of $151,524; and (iii) realized loss on marketable securities of $32,750. This was offset by (i) unrealized gain on marketable securities of $35,000; and (ii) premium recovery on flow-through shares of $27,614.

- The net loss for the year ended December 31, 2019, consisted primarily of (i) general and administrative of $122,234; (ii) exploration and evaluation expenditures of $25,165; and (iii) realized loss on marketable securities of $128,625. This was offset by (i) unrealized gain on marketable securities of $165,000; and (ii) premium recovery on flow-through shares of $1,922.

- The net loss for the year ended December 31, 2018, consisted primarily of (i) unrealized loss on marketable securities of $255,925; (ii) general and administrative of $239,977; (iii) exploration and evaluation expenditures of $66,248; and (iv) realized loss on marketable securities of $17,900. This was offset by an income tax recovery resulting from tax credits from Quebec of $12,011.

- As the Company has no revenue, its ability to fund its operations is dependent upon its securing financing through the sale of equity, debt or assets. See "Risk Factors".

## Selected Quarterly Information

| Three Months Ended | Total Assets ($) | Total Revenue ($) | Profit or (Loss) | |
|---|---|---|---|---|
| | | | Total ($) (Unaudited) | Basic and Diluted Income (Loss) Per Share [9] ($) (Unaudited) |
| December 31, 2020 | 1,096,842 [10] | - | (202,086) [1] | (0.01) |
| September 30, 2020 | 775,546 [11] | - | (158,616) [2] | (0.01) |
| June 30, 2020 | 23,966 [11] | - | (94,499) [3] | (0.01) |
| March 31, 2020 | 43,067 [11] | - | (23,611) [4] | (0.00) |
| December 31, 2019 | 66,615 [10] | - | (33,373) [5] | (0.00) |
| September 30, 2019 | 67,184 [11] | - | (31,376) [6] | (0.00) |
| June 30, 2019 | 74,786 [11] | - | (33,900) [7] | (0.00) |
| March 31, 2019 | 107,098 [11] | - | (10,453) [8] | (0.00) |

Notes:

(1) Net loss of $202,086 resulted mainly from exploration and evaluation expenditures of $57,775, professional fees of $22,937, management compensation of $14,500, director fees of $11,000, share-based compensation of $97,561, reporting issuer costs of $3,975 and shareholder and investor relations expenses of $3,635. This was offset by premium recovery on flow-through shares of $16,043.

(2) Net loss of $158,616 resulted mainly from exploration and evaluation expenditures of $69,863, professional fees of $24,004, business development of $44,248, management compensation of $7,500, director fees of $12,000, reporting issuer costs of $5,425 and shareholder and investor relations expenses of $4,576. This was offset by the premium recovery on flow-through shares of $11,358.

(3) Net loss of $94,499 resulted mainly from exploration and evaluation expenditures of $22,911, professional fees of $32,394, management compensation of $20,000, reporting issuer costs of $1,770, director fees of $9,000 and shareholder and investor relations expenses of $6,483.

(4) Net loss of $23,611 resulted mainly from exploration and evaluation expenditures of $975, professional fees of $12,910, reporting issuer costs of $8,540, shareholder and investor relations expenses of $1,596 and realized loss on marketable securities of $32,750. This was offset by unrealized gain on marketable securities of $35,000.

(5) Net loss of $33,373 resulted mainly from exploration and evaluation expenditures of $19,784, professional fees of $10,754, reporting issuer costs of $1,128 and shareholder and investor relations expenses of $1,530.

(6) Net loss of $31,376 resulted mainly from exploration and evaluation expenditures of $1,400, professional fees of $19,420, shareholder and investor relations expenses of $864 and loss on marketable securities of $7,500.

(7) Net loss of $33,900 resulted mainly from exploration and evaluation expenditures of $812, share-based compensation of $19,760, professional fees of $18,075, reporting issuer costs of $4,771 and shareholder and investor relations expenses of $1,078, offset by gain on marketable securities of $14,375.

(8) Net loss of $10,453 resulted mainly from exploration and evaluation expenditures of $3,169, professional fees of $22,770, reporting issuer costs of $5,033, shareholder and investor relations expenses of $1,349, and bank charges of $57, offset by gain on marketable securities of $29,625.

(9) Per share amounts are rounded to the nearest cent; therefore, aggregating quarterly amounts may not reconcile to year-to-date per share amounts.

(10) Audited.

(11) Unaudited.

## Trends and Economic Conditions

Management regularly monitors economic financial market conditions and estimates their impact on the Company's operations and incorporates these estimates in both short-term operating and longer-term strategic decisions. Beginning in Q2 of 2017 and until recently, equity markets in the junior resource exploration sector have been very difficult. The Company was able to raise $1 million in July 2020 and $0.5 million in December 2020 and has begun exploring on both properties.

Due to the worldwide COVID-19 pandemic, material uncertainties may arise that could influence management's going concern assumption. Management cannot accurately predict the future impact COVID-19 may have on:

- Global commodity prices;
- Demand for gold and the ability to explore for gold;
- The severity and the length of potential measures taken by governments to manage the spread of the virus, and their effect on labour availability and supply lines;
- Availability of government supplies, such as water and electricity;
- Purchasing power of the Canadian dollar; and
- Ability to obtain funding.

At the date of this MD&A, the Canadian federal government and the provincial government of Ontario have not introduced measures that have directly impeded the operational activities of the Company. Management believes the business will continue and, accordingly, the current situation has not impacted management's going concern assumption. However, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

Apart from these factors and the risk factors noted under the heading "Risk Factors", management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations.

## Related Party Transactions and Major Shareholder

(a) Related party transactions

Related parties include the Board and officers, close family members and enterprises that are controlled by these individuals as well as certain consultants performing similar functions.

Remuneration of directors and key management personnel (including Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and directors), other than consulting fees, of the Company was as follows:

| Management compensation and salaries and benefits | Year ended December 31, 2020 $ | Year ended December 31, 2019 $ |
|---|---|---|
| Brian Howlett, Director and former CEO | 22,000 | nil |
| Eric Szustak, Director | 16,000 | nil |
| Gérald Riverin, Director | 9,000 | nil |
| John Timmons, CEO | 12,000 | nil |
| Mark Goodman, Director | 6,000 | nil |
| Marrelli Support Services Inc. ("Marrelli Support"), CFO fees (1)(2) | 18,540 | 18,540 |
| Morgan Quinn, Director | 9,000 | nil |
| **Total** | **92,540** | **18,540** |

| Share-based compensation | Year ended December 31, 2020 $ | Year ended December 31, 2019 $ |
|---|---|---|
| Brian Howlett, former President and former CEO | 14,103 | 6,916 |
| Carmelo Marrelli, CFO | 4,702 | nil |
| Eric Szustak, Director | 9,402 | 6,916 |
| Gérald Riverin, Director | 9,402 | 1,976 |
| John Timmons, CEO | 18,806 | nil |
| Mark Goodman, Director | 9,402 | 1,976 |
| Morgan Quinn, Director | 9,402 | 1,976 |
| Shaun Drake, Corporate Secretary | 8,239 | nil |
| **Total** | **83,458** | **19,760** |

(1) The amounts charged are conducted on normal market terms and are recorded at their exchange value.

(2) Professional fees are paid to Marrelli Support, an organization of which Carmelo Marrelli, the CFO of the Company, is president.

Salaries and benefits include director fees. The Board and officers do not have employment or service contracts with the Company. Directors are entitled to director fees and stock options for their services and officers are entitled to fees and stock options for their services. During the year ended December 31, 2019, the directors of the Company have waived their director fees to conserve cash. During the year ended December 31, 2020, $32,000 was paid for director fees. As at December 31, 2020, officers and directors (excluding the CFO) were owed $1,602 (December 31, 2019 - $2,260) and this amount was included in amounts payable and other liabilities.

The Company entered into the following transactions with related parties:

| Names | Year ended December 31, 2020 $ | Year ended December 31, 2019 $ |
|---|---|---|
| Marrelli Support (i) | 20,695 | 26,292 |
| DSA Corporate Services Inc. ("DSA") (ii) | 3,946 | 5,110 |
| Marrelli Press Release Services Limited ("Press Release") (iii) | 7,172 | 608 |
| **Total** | **31,813** | **32,010** |

(i) During the year ended December 31, 2020, the Company paid professional fees of $20,695 (year ended December 31, 2019 - $26,292) to Marrelli Support, an organization of which Carmelo Marrelli is Managing Director. Carmelo Marrelli is the CFO of the Company. These services were incurred in the normal course of operations for general accounting and financial reporting matters. Marrelli Support also provides bookkeeping services to the Company. As at December 31, 2020, Marrelli Support was owed $2,914 (December 31, 2019 - $24,745) and this amount was included in amounts payable and other liabilities.

(ii) During the year ended December 31, 2020, the Company paid professional fees of $3,946 (year ended December 31, 2019 - $5,110) to DSA, an organization of which Carmelo Marrelli controls. Carmelo Marrelli is also the corporate secretary and sole director of DSA. These services were incurred in the normal course of operations for corporate secretarial matters. As at December 31, 2020, DSA was owed $339 (December 31, 2019 - $633) and this amount was included in amounts payable and other liabilities.

(iii) During the year ended December 31, 2020, the Company paid professional fees of $7,172 (year ended December 31, 2019 - $608) to Press Release, an organization of which Carmelo Marrelli controls. Carmelo Marrelli is also the corporate secretary and sole director of Press Release. These services were incurred in the normal course of operations for press release matters. As at December 31, 2020, Press Release was owed $1,110 (December 31, 2019 - $470) and this amount was included in amounts payable and other liabilities.

All amounts due to related parties are unsecured, non-interest bearing and due on demand.

In connection with the flow-through private placement completed on October 9, 2019, Brian Howlett, the former CEO of the Company, acquired 200,000 flow-through units and Eric Szustak, a director of the Company, acquired 150,000 flow-through units.

In connection with the first tranche of the non-brokered private placement completed on July 20, 2020, Brian Howlett, the former CEO of the Company, acquired 211,250 units.

In connection with the non-brokered private placement completed on December 30, 2020, Brian Howlett, the former CEO of the Company, acquired 59,000 flow-through units.

(b) Major shareholders

To the knowledge of the directors and senior officers of the Company as at the date of this MD&A, no person or corporation beneficially owns or exercises control or direction over common shares of the Company carrying more than 10% of the voting rights attached to all common shares of the Company. The Company is not aware of any arrangements that may at a subsequent date result in a change in control of the Company.

## Financial Highlights

### Financial Performance

*Year ended December 31, 2020, compared with year ended December 31, 2019*

The Company's net loss totaled $478,812 for the year ended December 31, 2020, with basic and diluted loss per share of $0.03. This compares with a net loss of $109,102 with basic and diluted loss per share of $0.01 for the year ended December 31, 2019. The increase of $369,710 in net loss was principally because:

- Exploration and evaluation expenditures increased by $126,359 to $151,524 in the year ended December 31, 2020, compared to the year ended December 31, 2019. The increase was attributable to expenditures on the MJ Property and the CC Property. Refer to the "Mount Jamie North Property" and "Coppercorp Property" sections above for more details;

- Professional fees increased by $21,226 to $92,245 in the year ended December 31, 2020, from $71,019 in the year ended December 31, 2019 due to higher legal fees incurred during the current period;

- Share-based compensation increased by $77,801 to $97,561 the year ended December 31, 2020, compared to the year ended December 31, 2019. The increase is due to the timing of expensing the estimated fair value of stock options granted in prior and current periods. The Company expenses its stock options in accordance with the vesting terms of the stock options granted;

- Management compensation increased by $42,000 in the year ended December 31, 2020, from $nil in the year ended December 31, 2019 due to payments to management during the current period compared to $nil during the comparative period;

- Director fees increased by $32,000 in the year ended December 31, 2020, from $nil in the year ended December 31, 2019 due to director fees paid during the current period compared to $nil during the comparative period since the directors of the Company have waived their director fees to conserve cash during the year end December 31, 2019;

- Business development fees increased by $44,248 in the year ended December 31, 2020, from $nil in the year ended December 31, 2019 due to fees paid for the development of the Company's website and investor presentation during the current period compared to $nil during the comparative period;

- The Company recorded an unrealized gain on marketable securities of $35,000 during the year ended December 31, 2020, compared to an unrealized gain of $165,500 during the year ended

December 31, 2019. The decrease in unrealized gain of $130,000 is due to the change in fair value of Yorbeau shares;

- The Company recorded a realized loss on marketable securities of $32,750 during the year ended December 31, 2020, compared to a realized loss of $128,625 during the year ended December 31, 2019. The decrease in realized loss of $95,875 is due to the sale of 1,000,000 shares of Yorbeau for gross proceeds of $27,250 for the year ended December 31, 2020 compared to the sale of 4,000,000 shares of Yorbeau for gross proceeds of $111,375 for the year ended December 31, 2019;

- Premium on flow-through shares increased in the year ended December 31, 2020, to $27,614 compared to $1,922 for the same period in 2019. The Company has adopted a policy whereby proceeds from flow-through issuances are allocated between the offering of shares and the sale of tax benefits based on the difference between the quoted price of the existing shares and the amount the investor pays for the shares. A liability is recognized for this difference and is extinguished by crediting premium on flow-through shares on a pro-rata basis as the expenditures are made; and

- All other expenses related to general working capital expenditures.

*Three months ended December 31, 2020, compared with three months ended December 31, 2019*

The Company's net loss totaled $202,086 for the three months ended December 31, 2020, with basic and diluted loss per share of $0.01. This compares with a net loss of $33,373 with basic and diluted loss per share of $0.00 for the three months ended December 31, 2019. The increase of $168,713 in net loss was principally because:

- Exploration and evaluation expenditures increased by $37,991 to $57,775 in the three months ended December 31, 2020, compared to the three months ended December 31, 2019. The increase was attributable to expenditures on the MJ Property and the CC Property. Refer to the "Mount Jamie North Property" and "Coppercorp Property" sections above for more details;

- Professional fees increased by $12,183 to $22,937 in the three months ended December 31, 2020, from $10,754 in the three months ended December 31, 2019 due to higher legal fees incurred during the current period;

- Management compensation increased by $14,500 in the three months ended December 31, 2020, from $nil in the three months ended December 31, 2019 due to due to payments to management during the current period compared to $nil in the comparative period;

- Director fees increased by $11,000 in the three months ended December 31, 2020, from $nil in the three months ended December 31, 2019 due to director fees paid during the current period compared to $nil during the comparative period since the directors of the Company have waived their director fees to conserve cash during the year end December 31, 2019;

- Share-based compensation increased by $97,561 to $97,561 the three months ended December 31, 2020, compared to the three months ended December 31, 2019. The increase is due to the timing of expensing the estimated fair value of stock options granted in prior and current periods. The Company expenses its stock options in accordance with the vesting terms of the stock options granted;

- The Company recorded an unrealized gain on marketable securities of $nil during the three months ended December 31, 2020, compared to an unrealized gain of $17,500 during the three months ended December 31, 2019. The decrease in unrealized gain of $17,500 is due to the change in fair value of Yorbeau shares;

- The Company recorded a realized loss on marketable securities of $nil during the three months ended December 31, 2020, compared to a realized loss of $17,625 during the three months ended December 31, 2019. The decrease in realized loss of $17,625 is due to the sale of 500,000 shares of Yorbeau for gross proceeds of $12,375 for the three months ended December 31, 2019 compared to nil for the three months ended December 31, 2020;

- Premium on flow-through shares increased in the three months ended December 31, 2020, to $16,043 compared to $1,922 for the same period in 2019. The Company has adopted a policy whereby proceeds from flow-through issuances are allocated between the offering of shares and the sale of tax benefits based on the difference between the quoted price of the existing shares and the amount the investor pays for the shares. A liability is recognized for this difference and is extinguished by crediting premium on flow-through shares on a pro-rata basis as the expenditures are made.

- All other expenses related to general working capital expenditures.

The Company's total assets as at December 31, 2020 were $1,096,842 (December 31, 2019 - $66,615) against total liabilities of $191,459 (December 31, 2019 - $64,215). The increase in total assets of $1,030,227 resulted from cash proceeds received from private placements, cash proceeds received from exercise of options and cash proceeds received from the exercise of warrants, which was offset by cash spent on operating costs. The Company has sufficient current assets to pay its existing liabilities of $191,459 as at December 31, 2020. Liabilities include flow-through shares liability of $149,293, which is not settled through cash payments. Instead, this balance is amortized against qualifying flow-through expenditures that are required to be incurred before December 31, 2021.

Pursuant to the terms of a flow-through share agreement, the Company is in the process of complying with flow-through contractual obligations to subscribers with respect to the Income Tax Act (Canada) requirements for flow-through shares. As of December 31, 2020, the Company is committed to incurring approximately $929,000 in Canadian Exploration Expenditures (as such term is defined in the Income Tax Act (Canada)) by December 31, 2021 arising from the flow-through offerings.

The Government of Canada has proposed extending the deadline to complete the necessary spending requirements from the issuance of flow-through shares raised in 2019 and 2020 by one year respectively. If the proposal is passed, the Company will have until December 31, 2022 to spend these amounts.

## Liquidity and Financial Position

As at December 31, 2020, the past activities of the Company were primarily financed through equity and the exercise of stock options and warrants. During the year ended December 31, 2020, 280,000 options and 120,000 warrants were exercised. During the year ended December 31, 2020, the Company completed non-brokered private placements (July and December 2020) for aggregate gross proceeds of $1,500,000.

As at December 31, 2020, the Company had $1,075,884 in cash (December 31, 2019 – $31,389). Cash increased due from proceeds from the private placements and proceeds from the sale of Yorbeau shares, proceeds from the exercise of options and warrants, which was offset by exploration expenditures and operating expenses.

Amounts payable and other liabilities decreased to $42,166 as at December 31, 2020, compared to $61,387 at December 31, 2019. The variation is primarily the result of fluctuations in amounts payable and other liabilities, which are usually paid as and when they become due.

The Company has no operating revenues; and therefore, must utilize its current cash reserves and other anticipated transactions to meet ongoing operating activities.

As of December 31, 2020, and the date of this MD&A, the cash resources of the Company were held with one Canadian chartered bank.

The Company had no debt as at December 31, 2020, and its credit and interest rate risk is minimal. Amounts payable and other liabilities are short term and non-interest bearing.

The Company raised capital of $1,000,000 in July 2020 and $500,000 in December 2020 and therefore, the Company will be able to pay its overhead costs, liabilities and conduct exploration expense for both properties.

See "Risk Factors" below and "Trends and Economic Conditions" above.

### Cash Flow

At December 31, 2020, the Company had cash of $1,075,884 compared to $31,389 at December 31, 2019. The increase in cash of $1,044,495 from the December 31, 2019 cash balance of $31,389 was a result of cash outflows in operating activities of $405,568 which was offset by cash provided by investing activities of $27,250 and cash provided by financing activities of $1,422,813. Operating activities were affected by adjustments for share-based compensation of $97,561, unrealized gain on marketable securities of $35,000, realized loss on marketable securities of $32,750, premium recovery on flow-through shares of $27,614, shares issued for acquisition of mining property of $30,750, shares issued for professional services of $4,750 and net change in non-cash working capital balances of $29,953 because of an increase in amounts receivable and other assets of $10,732 and a decrease in amounts payable and other liabilities of $19,221. Investing activities consisted of proceeds from sale of marketable securities of $27,250. Financing activities consisted of proceeds from private placements of $1,500,000, proceeds from options exercised for proceeds of $14,000 and proceeds from exercise of warrants of $12,000, which was offset by share issue costs of $103,187.

## New Accounting Standard Adopted During the Year

*IFRS 3, Business combinations (IFRS 3")*

Amendments to IFRS 3, issued in October 2018, provide clarification on the definition of a business. The amendments permit a simplified assessment to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

The amendments are effective for transactions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. The adoption of the amendments had no impact on the Company's financial statements.

*IAS 1, Presentation of financial statements ("IAS 1")*

Amendments to IAS 1, issued in October 2018, provide clarification on the definition of material and how it should be applied. The amendments also align the definition of material across IFRS and other publications.

The amendments are effective for annual periods beginning on or after January 1, 2020 and are required to be applied prospectively. The adoption of the amendments had no impact on the Company's financial statements.

*IAS 8, Accounting policies, changes in accounting estimates and errors ("IAS 8")*

Amendments to IAS 8, issued in October 2018, provide clarification on the definition of material and how it should be applied. The amendments also align the definition of material across IFRS and other publications.

The amendments are effective for annual periods beginning on or after January 1, 2020 and are required to be applied prospectively. The adoption of the amendments had no impact on the Company's financial statements.

## Future Pronouncements

IAS 37 – Provisions, Contingent Liabilities, and Contingent Assets ("IAS 37") was amended. The amendments clarify that when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract – i.e. a full-cost approach. Such costs include both the incremental costs of the contract (i.e. costs a company would avoid if it did not have the contract) and an allocation of other direct costs incurred on activities required to fulfill the contract – e.g. contract management and supervision, or depreciation of equipment used in fulfilling the contract. The amendments are effective for annual periods beginning on January 1, 2022.

IAS 1 was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or non-current is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

## Financial Instruments

### Financial risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, foreign currency risk and price risk).

(i) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash. Cash is held with a major Canadian chartered bank, from which management believes the risk of loss to be minimal.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities or sale of assets. As at December 31, 2020, the Company had cash of $1,075,884 (December 31, 2019 - $31,389) to settle current liabilities of $191,459 (December 31, 2019 - $64,215). The Company notes that the flow-through share liability which represents $149,293 of current liabilities balance is not settled through cash payment. Instead, this balance is amortized against qualifying flow-through expenditures which are required to be incurred before December 31, 2021. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

The Company's ability to continually meet its obligations is uncertain and dependent upon the continued financial support of its shareholders and securing additional financing.

(iii) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and equity price.

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt at December 31, 2020. The Company's current policy is to invest surplus cash in high yield savings accounts and guaranteed investment certificates issued by a Canadian chartered bank with which it keeps its bank accounts. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its Canadian chartered bank.

(b) Foreign currency risk

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is $nil.

(c) Price risk

The ability of the Company to acquire new properties and the future profitability of the Company is directly related to the market price of certain minerals. The Company's risk management objectives are to ensure that business and financial exposures to risk that have been identified and measured are minimized using the most effective and efficient methods to reduce, transfer and, when possible, eliminate such exposures. Operating decisions contemplate associated risks and management strives to structure proposed transactions to avoid or reduce risk whenever possible.

**Sensitivity analysis**

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a twelve-month period:

(i) Cash is subject to floating interest rates. The Company receives low interest rates on its cash balances. As such, the Company does not have significant interest rate risk.

(ii) The Company does not hold balances in foreign currencies to give rise to exposure to foreign exchange risk.

(iii) The Company does not have marketable securities as at December 31, 2020. As such, the Company does not have significant price risk.

## Share Capital

As at the date hereof, the Company has 25,777,335 common shares, 10,830,000 warrants and 1,495,000 stock options issued and outstanding. The Company, therefore, has 38,102,335 common shares on a fully diluted basis.

## Outlook

The Company is engaged in the acquisition, exploration and evaluation of properties for the mining of precious and base metals. Management is also investigating some mineral property acquisitions.

The Company will need to secure additional financing to meet its ongoing obligations; however, there is no assurance that the Company will be able to do so. See "Risk Factors".

## Risk Factors

The operations of the Company are speculative due to the high-risk nature of its business, which is the acquisition, financing, exploration and evaluation of mining properties. The risks below are not the only ones facing the Company. Additional risks not currently known to the Company, or that the Company currently deems immaterial, may also impair its operations. If any of the following risks actually occur, the Company's business, financial condition and operating results could be adversely affected.

***Nature of mineral exploration and mining***

The Company recently acquired the Coppercorp property from Superior Copper Corp. The Company's viability and potential success is based on its ability to develop, exploit and generate revenue from mineral deposits. The exploration and evaluation of mineral deposits involve substantial financial risk over a long period of time, which even a combination of careful evaluation, experience and knowledge may not eliminate. While discovery of a mine may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling and to construct mining and processing facilities at a site. It is impossible to ensure that the current or proposed exploration programs on properties in which the Company has an interest will result in a profitable commercial mining operation.

The operations of the Company are subject to all of the hazards and risks normally incident to exploration and development of mineral properties, any of which could result in damage to life and property or the environment and possible legal liability for any and all damage. The activities of the Company may be subject to prolonged disruptions due to weather conditions depending on the location of the operations in which the Company has interests. Hazards, such as unusual or unexpected geological structures, rock bursts, pressure, cave-ins, flooding or other conditions may be encountered in the drilling and removal of material. While the Company may obtain insurance against certain risks in such amounts it considers adequate, the nature of these risks is such that liabilities could exceed policy limits or could be excluded from coverage. There are also risks against which the Company cannot insure against or, which it may elect not to insure. The potential costs that could be associated with any liabilities not covered by insurance or in excess of insurance coverage or associated with compliance with applicable laws and regulations may cause substantial delays and require significant capital outlays, adversely affecting the future earnings and competitive position of the Company and, potentially, its financial position.

Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as size and grade, proximity to infrastructure, financing costs and governmental regulations, including regulations relating to prices, taxes, royalties, infrastructure, land use, importing and exporting and environmental protection. The 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.

***Fluctuating prices***

Factors beyond the Company's control may affect the marketability of copper, gold or any other minerals discovered. Commodity prices have fluctuated widely and are affected by numerous factors beyond the Company's control. The effect of these factors cannot accurately be predicted.

***Permits and licenses***

The operations of the Company require licenses and permits from various governmental authorities. The Company believes that it holds all necessary licenses and permits required for carrying out the activities it is currently conducting under applicable laws and regulations, and that it is complying in all material respects with the terms of such licenses and permits. However, such licenses and permits are subject to change in regulations and in various operating circumstances. There can be no assurance that the Company will be able to obtain all necessary licenses and permits required to carry out exploration, development and mining operations at its projects.

***Competition***

The mineral exploration and mining business is competitive in all its phases. The Company competes with numerous other companies and individuals, including competitors with greater financial, technical and other resources than the Company, in the search for and the acquisition of attractive mineral properties, the acquisition of mining equipment and related supplies and the attraction and retention of qualified personnel. The ability of the Company to acquire properties, purchase required equipment, and hire qualified personnel in the future will depend not only on its ability to develop its present properties, but also on its ability to identify, arrange, negotiate, select or acquire suitable properties or prospects for mineral exploration, source suitable equipment and hire qualified people. There is no assurance that the Company will continue to be able to compete successfully with its competitors in acquiring such properties or prospects, sourcing equipment or hiring people.

***Environmental and climate change regulation***

The operations of the Company are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner that means standards, enforcement, and fines and penalties for non-compliance, are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and their directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of future operations. Such impacts may have an adverse effect on the capital and operating cost of the Company's operations or those of its future customers that may materially affect future operations.

***Estimates of mineral resources may not be realized***

The mineral resource estimates published from time to time by the Company with respect to its properties are estimates only and no assurance can be given that any particular level of recovery of minerals will in fact be realized or that an identified resource will ever qualify as a commercially mineable (or viable) deposit that can be legally and economically exploited. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material. Production can be affected by such factors as permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations, inaccurate or incorrect geological, metallurgical or engineering work, and work interruptions, among other things. Short-term factors, such as the need for orderly development of deposits or the processing of new or different grades, may have an adverse effect on mining operations or financial performance. There can be no assurance that minerals recovered in small-scale laboratory tests will be duplicated in large-scale tests under on-site conditions or in production-scale operations. Material changes in resources, grades, stripping ratios or recovery rates may affect the economic viability of projects. The estimated resources described herein should not be interpreted as assurances of mine life or of the profitability of future.

***Dependence on key personnel***

The Company is dependent on the services of its senior management and a small number of skilled and experienced employees and consultants. The loss of any such combination of individuals could have a material adverse effect on the Company's operations.

***Limited financial resources***

The existing financial resources of the Company are not sufficient to bring any of its properties into commercial production. The Company will need to obtain additional financing from external sources in order to fund the development of its properties. There is no assurance that the Company will be able to obtain such financing on favourable terms, or at all. Failure to obtain financing could result in delay or indefinite postponement of further exploration and development of the Company's properties.

***Extreme volatility***

The Company has identified the extreme volatility occurring in the financial markets recently as a significant risk for the Company. As a result of the market turmoil, investors are moving away from assets they perceive as risky to those they perceive as safe. Companies like the Company are considered risk assets and as mentioned above are highly speculative. The volatility in the markets and investor sentiment may make it difficult for the Company to access the capital markets in order to raise the capital it will need to fund its current level of expenditures.

***Covid-19 Risks***

The worldwide emergency measures taken to combat the COVID-19 pandemic may continue, could be expanded, and could also be reintroduced in the future following relaxation. As governments implement monetary and fiscal policy changes aimed to help stabilize economies and capital markets, we cannot predict legal and regulatory responses to concerns about the COVID-19 pandemic and related public health issues and how these responses may impact our business. The COVID-19 pandemic, actions taken globally in response to it, and the ensuing economic downturn has caused significant disruption to business activities and economies. The depth, breadth and duration of these disruptions remain highly uncertain at this time. Furthermore, governments are developing frameworks for the staged resumption of business activities. As a result, it is difficult to predict how significant the impact of the COVID-19 pandemic, including any responses to it, will be on the global economy and our business. We have outlined these risks in more detail below.

<u>Strategic & Operational Risks</u>

The ongoing COVID-19 pandemic could adversely impact our financial condition in future periods as a result of reduced business opportunities via acquisitions and dispositions of exploration and development properties. The uncertainty around the expected duration of the pandemic and the measures put in place by governments to respond to it could further depress business activity and financial markets. Our strategic initiatives to advance our business may be delayed or cancelled as a result.

To date, our operations have remained stable under the pandemic but there can be no assurance that our ability to continue to operate our business will not be adversely impacted, in particular to the extent that aspects of our operations which rely on services provided by third parties fail to operate as expected. The successful execution of business continuity strategies by third parties is outside our control. If one or more of the third parties to whom we outsource critical business activities fails to perform as a result of the impacts from the spread of COVID-19, it could have a material adverse effect on our business and operations.

Liquidity risk and capital management

Extreme market volatility and stressed conditions resulting from COVID-19 and the measures implemented to control its spread could limit our access to capital markets and our ability to generate funds to meet out capital requirements. Sustained global economic uncertainty could result in more costly or limited access to funding sources. In addition, while we currently have sources of liquidity, such as cash balances, there can be no assurance that these sources will provide us with sufficient liquidity on commercially reasonable terms in the future. Extreme market volatility may leave us unable to react in a manner consistent with our historical practices.

Market Risk

The pandemic and resulting economic downturn have created significant volatility and declines in financial and commodity markets. Central banks have announced emergency interest rate cuts, while governments are implementing unprecedented fiscal stimulus packages to support economic stability. The pandemic could result in a global recessionary environment with continued market volatility, which may continue to impact our financial condition.

## Disclosure of Internal Controls

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence in that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the financial statements, and (ii) the financial statements fairly present in all material respects the financial condition, financial performance and cash flow of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate do not make any representations relating to the establishment and maintenance of:

(i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS).

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

## Subsequent Events

(i) On January 12, 2021, the Company entered into an asset purchase agreement with EMX Royalty Corporation ("EMX"), pursuant to which the Company will acquire certain mineral claims in Red Lake, Ontario from EMX. Under the terms of the agreement, EMX will receive a cash payment of $10,000, the grant of a 1.5% net smelter royalty on the claims and will be issued 30,000 common share of the Company for 100% ownership of the claims. The acquisition was completed on February 2, 2021.

(ii) On March 10, 2021, the Company announced that it entered into an option agreement (the "East Breccia Option Agreement") to earn a 100% interest in certain mineral claims in Batchewana Bay, Ontario making up the East Breccia project (the "East Breccia Project") and a second option agreement with current claims holders (the "Tribag Option Agreement") to earn a 100% interest in certain minerals claims in Batchewana Bay, Ontario making up the Tribag project (the "Tribag Project").

*East Breccia Option Agreement*

Under the terms of the East Breccia Option Agreement, the Company has the option to acquire a 100% interest in the East Breccia Project by making the following cash payments and shares issuances:

1. cash payment of $15,000 on the day of acceptance of the transaction by the TSXV (the "Closing");
2. issuance of 200,000 common shares of the Company ("Shares") by the 30th day following the Closing;
3. cash payment of $25,000 and issuance of 200,000 Shares by the first anniversary of the Closing;
4. cash payment of $35,000 and issuance of 200,000 Shares by the second anniversary of the Closing;
5. cash payment of $40,000 and issuance of 100,000 Shares by the third anniversary of the Closing; and
6. cash payment of $50,000 and issuance of 100,000 Shares by the fourth anniversary of the Closing.

To further maintain the East Breccia Option Agreement in full force and effect, the Company shall also incur cumulative exploration expenditures on the East Breccia Project of $300,000 as follows: (1) $100,000 on or before the second anniversary of the Closing; (2) $100,000 on or before the third anniversary of the Closing; and (3) $100,000 on or before the fourth anniversary of the Closing.

Under the terms of the East Breccia Option Agreement, the Company will pay a 2% NSR to the vendors on commencement of commercial production. The Company will have the right, at any time until one year after commercial production to purchase 1% of the 2% NSR for $1,000,000.

*Tribag Option Agreement*

Under the terms of the East Breccia Option Agreement, the Company has the option to acquire a 100% interest in the Tribag Project by making the following cash payments and shares issuances:

1. cash payment of $15,000 on the date of execution of the Tribag Option Agreement;
2. issuance of 500,000 Shares by the 30th day following the Closing;
3. cash payment of $30,000 and issuance of 250,000 Shares by the first anniversary of the execution date;
4. cash payment of $15,000 and issuance of 250,000 Shares by the second anniversary of the execution date; and
5. cash payment of $15,000 and issuance of 500,000 Shares by the third anniversary of the execution date.

To further maintain the Tribag Option Agreement in full force and effect, the Company shall also incur cumulative exploration expenditures on the Tribag Project of $400,000 as follows: (1) $100,000 on or before the second anniversary of the execution date; (2) $100,000 on or before the third anniversary of the execution date; and (3) $200,000 on or before the fourth anniversary of the execution date.

Under the terms of the Tribag Option Agreement, the Company will pay a 2% NSR to the vendors on commencement of commercial production. The Company will have the right, at any time until one year after completion of any bankable feasibility study to purchase 0.5% of the 2% NSR for $500,000, and at any time until one year after commercial production to purchase an additional 0.5% of the 2% NSR for $750,000.

## Additional Disclosure for Venture Issuers without Significant Revenue

| **Detail** | **Year ended December 31, 2020 $** | **Year ended December 31, 2019 $** |
|---|---|---|
| Share-based compensation | 97,561 | 19,760 |
| Professional fees | 92,245 | 71,019 |
| Business development | 44,248 | nil |
| Management compensation | 42,000 | nil |
| Director fees | 32,000 | nil |
| Reporting issuer costs | 19,710 | 11,157 |
| Shareholder and investor relations | 16,290 | 4,821 |
| Office and general | 12,624 | 15,370 |
| Bank charges | 474 | 107 |
| **Total** | **357,152** | **122,234** |

## Exploration and Evaluation Expenditures

| Coppercorp Property | Year ended December 31, 2020 $ | Year ended December 31, 2019 $ |
|---|---|---|
| General and geology | 56,087 | 21,935 |
| Geochemistry | nil | 3,230 |
| Laboratory analysis | 6,328 | nil |
| Administration | 731 | nil |
| **Activity during the year** | **63,146** | **25,165** |

| Mount Jamie North Property | Year ended December 31, 2020 $ | Year ended December 31, 2019 $ |
|---|---|---|
| Property acquisition costs | 45,750 | nil |
| General and geology | 20,116 | nil |
| Geochemistry | 22,512 | nil |
| **Activity during the year** | **88,378** | **nil** |