



**PETROLYMPIC LTD.**

**INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS  
THREE MONTHS ENDED MARCH 31, 2021**

**EXPRESSED IN CANADIAN DOLLARS**

**Prepared by:**

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## **Introduction**

The following interim Management's Discussion & Analysis ("Interim MD&A") of Petrolympic Ltd. ("Petrolympic" or the "Company") for the three months ended March 31, 2021 has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last annual management's discussion & analysis, being the Management's Discussion & Analysis ("Annual MD&A") for the fiscal year ended December 31, 2020. This Interim MD&A does not provide a general update to the Annual MD&A, or reflect any non-material events since the date of the Annual MD&A.

This Interim MD&A has been prepared in compliance with section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the Annual MD&A, audited annual consolidated financial statements of the Company for the years ended December 31, 2020, and December 31, 2019, together with the notes thereto, and unaudited condensed interim consolidated financial statements of the Company for the three months ended March 31, 2021, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's unaudited condensed interim consolidated financial statements and the financial information contained in this Interim MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting. Accordingly, information contained herein is presented as of May 31, 2021, unless otherwise indicated.

For the purposes of preparing this Interim 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 Petrolympic 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.

Further information about the Company and its operations is available on Petrolympic's website at [www.petrolympic.com](http://www.petrolympic.com) or on SEDAR at [www.sedar.com](http://www.sedar.com).

## **Caution Regarding Forward-looking Statements**

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

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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 statements	Assumptions	Risk factors
Potential of the Company's properties to contain gold deposits	Financing will be available for future exploration and development of the Company's properties; the actual results of the Company's exploration and development activities will be favourable; operating, exploration and development costs will not exceed the Company's expectations; the Company will be able to retain and attract skilled staff; all requisite regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to the Company, and applicable political and economic conditions are favourable to the Company; the price of gold and applicable interest and exchange rates will be favourable to the Company; no title disputes exist with respect to the Company's properties	Gold price volatility; uncertainties involved in interpreting geological data and confirming title to acquired properties; the possibility that future exploration results will not be consistent with the Company's expectations; availability of financing for and actual results of the Company's exploration and development activities; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company's ability to retain and attract skilled staff
Potential of Petrolympic's interests to contain economic deposits of precious and base metals	Financing will be available for future exploration and development of Petrolympic's properties; the actual results of Petrolympic's exploration and development activities will be favourable; operating, exploration and development costs will not exceed Petrolympic's expectations; the Company will be able to retain and attract skilled staff; all requisite regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to Petrolympic,	Precious and base metals price volatility; uncertainties involved in interpreting geological data and confirming title to acquired properties; the possibility that future exploration results will not be consistent with the Company's expectations; availability of financing for and actual results of the Company's exploration and evaluation activities; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and

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	and applicable political and economic conditions will be favourable to Petrolympic; the price of oil or gas and applicable interest and exchange rates will be favourable to Petrolympic; no title disputes exist with respect to the Company’s properties	exchange rate fluctuations; changes in economic and political conditions; ongoing uncertainties relating to the COVID-19 virus; the Company’s ability to retain and attract skilled staff; availability of permits.
The Company’s cash balance at March 31, 2021, is not sufficient to fund its consolidated operating expenses at current levels. At the date hereof, the Company’s consolidated cash balance has diminished as a result of normal business operations and management is attempting to defer payments, to the extent practical	The operating and exploration activities of the Company for the twelve-month period ending March 31, 2022, and the costs associated therewith, will be dependent on raising sufficient capital consistent with the Company’s current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to Petrolympic	Adverse changes in debt and equity markets; ongoing uncertainties relating to the COVID-19 pandemic; timing and availability of external financing on acceptable terms; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions
Management’s outlook regarding future trends (see “Trends”)	Financing will be available for the Company’s exploration and operating activities; the price of oil and/or gas will be favourable to the Company	The volatility of the price of oil and/or gas; ongoing uncertainties relating to the COVID-19 pandemic; changes in debt and equity markets; interest rate and exchange rate fluctuations; changes in economic and political conditions

Inherent in forward-looking statements are risks, uncertainties and other factors beyond Petrolympic’s ability to predict or control. Please refer to those risk factors included 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 Petrolympic’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**

Petrolympic is incorporated under the Business Corporations Act (Ontario). The Company is engaged in the acquisition, exploration and development of gold and petroleum and natural gas properties. It has not yet determined whether its properties contain reserves that are economically recoverable.

The Company's common shares are listed on the TSX Venture Exchange ("TSXV") under the symbol PCQ and on the OTCQX International under the symbol PCQRF.

### **Operational Highlights**

#### **Corporate**

On January 6, 2021, the Company issued 1,000,000 common shares in accordance to the option agreement for the Val d'Or property and Evangelic Lake Gold Property.

On February 22, 2021, the Company approved a settlement of \$100,000 of debt through the issuance of common shares of the company ("Debt Settlement"). Pursuant to the Debt Settlement, the company would issue an aggregate of 1,428,571 common shares of the company at a deemed price of \$0.07 per share to a creditor of the company, who is an officer of the company. The issuance of the common shares to the Creditor is subject to the approval of the TSX Venture Exchange.

On March 15, 2021, the company announced that it entered into an agreement to acquire a gold property located in the east of the val d'Or mining camp, Province of Quebec (the "Property"). The Property consists of two contiguous map-designated claims (cells) covering 285.9 Acres which are part of a group of six contiguous map-designated claims (cells) to a grand total of 5,263 Acres of gold potential geology in the center of Valuquelin township (NTS 32C03) approximately 40 km east of the town of Val d'Or, a major gold mining centre in northwestern Quebec.

On May 11, 2021, the company announced that it entered into an agreement to acquire a gold property located 40km north of the town of Val-d'Or mining camp, Province of Quebec (the "Property"). The Property consists of 125-map designated claims in 4 blocks, all-proximal to one another and covering a total of 5,479 hectares in the Barraute, Crpentier, Courville and Fiedmont townships in the Abitibi region.

The purchase price will be satisfied through the payment of \$15,000, the issuance of an aggregate of 1,050,000 common shares of the Company over 2 years, and issuance of warrants to purchase 350,000 common shares of the Company at a price to be determined. The Vendor will also receive a 2.0% NSR (net smelter returns) royalty from all future commercial mineral production on the Property, of which 1.0% can be bought back for \$1M at any time.

At March 31, 2021, the Company had assets of \$56,846 (December 31, 2020 - \$135,701) and deficiency of \$923,280 (December 31, 2020 - \$825,933). At March 31, 2021, the Company had current liabilities of \$940,126 (December 31, 2020 - \$921,634). The Company had net exploration and evaluation expenditures of \$84,875 during the three months ended March 31, 2021 (three months ended March 31, 2020 - \$1,091).

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The Company had cash and cash equivalents of \$50,352 at March 31, 2021 (December 31, 2020 - \$129,207). The decrease in cash and cash equivalents during the three months ended March 31, 2021 was primarily due to the cash used in operating activities.

At March 31, 2021, the Company had a working capital deficiency of \$883,280 (December 31, 2020 – working capital deficiency of \$785,933). Based on the rate of expenditure, the Company does not have sufficient cash on hand and will have to raise equity capital in the near term in amounts sufficient to fund both exploration work and working capital requirements. Materially all of the Company's exploration activities and a portion of the general and administrative costs are discretionary. Therefore, there is considerable flexibility in terms of the pace and timing of exploration and how expenditures have been, or may be, adjusted, limited or deferred subject to current capital resources and potential to raise further funds.

### **Exploration Update**

#### Current and Future Plans Related to Oil Exploration Activities in Québec

Petrolympic, in conjunction with its partner Ressources et Energie Squatex ("Squatex"), announced in a press release dated November 4, 2019 (the full version of which can be found on [www.sedar.com](http://www.sedar.com) under Petrolympic's profile) that a lawsuit against the Québec Government was filed in Superior Court, Québec Judicial District. The press release states the following: "Through this procedure, Petrolympic and its partner are asking the Minister of Energy and Natural Resources to return the annual fees it has collected without having the right to do so since 2011, in connection with the oil and gas exploration licenses which they owned since September 1, 2009. The license period has been suspended since the Oil and Gas Limiting Act came into force on June 13, 2011, so that annual fees were not and still are not payable. As these continued to be collected by the Minister in order to maintain the licenses in force, Petrolympic and its partner are now demanding the return of the sums paid, plus interest."

The press release further states the following: "Petrolympic would also like to clarify to its shareholders, that further legal proceedings could be considered against the Government in order to enforce its rights. Indeed, government and ministerial action in recent years has greatly harmed oil and gas exploration and development in Québec by reducing the ability of the industry to finance itself in the markets. Petrolympic's management would like to reassure its shareholders that it is taking all necessary measures to maintain the Company's operating capabilities."

No additional work will be performed on its licenses until Petrolympic has clarity on the outcome of the lawsuit with the Québec Government.

#### Current and Future Plans Related to Gold Exploration Activities in Québec, and Ontario

The Company has Gold properties in Quebec and Ontario, which require an exploration program. Upon successful completion of a financing the Company will begin budgeting for the exploration expenditures.

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Exploration and evaluation expenditures

	Three Months Ended March 31, 2021 \$	Three Months Ended March 31, 2020 \$
<b>Québec, Canada</b>		
General exploration costs	12,875	Nil
Consulting	Nil	Nil
Option payment	44,500	Nil
Permits and licences (recovery)	Nil	Nil
<b>Net costs incurred</b>	<b>57,375</b>	<b>Nil</b>
<b>Ontario, Canada</b>		
Option payment	27,500	Nil
<b>Net costs incurred</b>	<b>27,500</b>	<b>Nil</b>

**Trends**

The general concern over the exploitation of shale gas by the Province of Québec could delay some of the expected or proposed exploration work. Management, in conjunction with the Board, will continue to monitor these developments and their effect on the Company's business.

Strong equity markets are favourable conditions for completing a public merger, financing or acquisition transaction. Management regularly monitors economic conditions and estimates their impact on the Company's operations and incorporates these estimates in both short-term operating and longer-term strategic decisions.

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 gold prices;
- Demand for gold and the ability to explore for oil and gas properties;
- 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 and United States dollars; and
- Ability to obtain funding

At the date of this MD&A, Canadian federal government and the provincial government of Quebec have not introduced measures that have materially impeded the operational activities of the Company. Although cash in the Company has materially declined, 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 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. See "Risk Factors" below.

### **Discussion of Operations**

Three months ended March 31, 2021, compared with the three months ended March 31, 2020

Petrolympic's net loss totaled \$181,434 for the three months ended December 31, 2020, with basic and diluted loss per share of \$0.00. This compares with a net loss of 108,496 with basic and diluted loss per share of \$0.00 for the three months ended March 31, 2020. The increase in the net loss of \$119,877 was principally because:

- Exploration and evaluation expenses for the three months ended March 31, 2021 were \$84,875 (three months ended March 31, 2020 – expenses of \$1,091). See subheading "Exploration Update" under the heading "Operational Highlights" above for details.
- Operating expenses such as share-based payment, management fees, administrative and general, professional fees, investor relations and promotion and reporting issuer costs totaled \$96,286 for the three months ended March 31, 2021 (three months ended March 31, 2020 - \$95,361). The increase of \$925 is mainly attributable to an increase in share-based payment as share-based payment expense will vary from period to period depending upon the number of options granted and vested during a period and the fair value of the options calculated as at the grant date, (ii) an increase in investor relation and promotion fees of \$6,741; and offset by a decrease in management fees of \$39,942.

At March 31, 2021, the Company had assets of \$56,846 (December 31, 2020 - \$135,701) and deficiency of \$923,280 (December 31, 2020 – \$825,933). At March 31, 2021, the Company had current liabilities of \$940,126 (December 31, 2020 - \$921,634).

The Company had cash and cash equivalents of \$50,352 at March 31, 2021 (December 31, 2020 - \$129,207). The decrease in cash and cash equivalents during the three months ended March 31, 2021 was primarily due to the cash used in operating activities.

Cash and cash equivalents used in operating activities was \$78,855 for the three months ended March 31, 2021. Operating activities were affected net loss for the period of \$181,434, which was offset by non-cash adjustments of \$82,148, and change in account payables and accrued liabilities of \$20,431. The change in non-cash items was due to share-based payments of \$29,087, share issued for acquisition of mineral properties of \$55,000 and a gain in unrealized foreign exchange of \$1,939.

### **Liquidity and Capital Resources**

The activities of the Company, principally the acquisition and exploration of properties prospective for gold and petroleum and natural gas, are financed through the completion of equity transactions such as equity offerings and the exercise of stock options and warrants.

The Company has no operating revenues, and therefore must utilize its current cash reserves, funds obtained from the exercise of warrants and stock options and other financing transactions to maintain its capacity to meet ongoing operating activities. As of March 31, 2021, the Company had 113,110,561 common shares issued and outstanding, 9,350,000 options that would raise \$1,023,250 and 5,938,695

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warrants outstanding that would raise \$1,234,673, if exercised in full. This is not anticipated until the market price of the Company's traded common shares increases.

Additional measures have been undertaken or are under consideration to further reduce cash expenditures.

At March 31, 2021, the Company had a working capital deficiency of \$883,280 (December 31, 2020 – working capital deficiency of \$785,933). Based on the rate of expenditure, the Company does not have sufficient cash on hand and will have to raise equity capital in the near term in amounts sufficient to fund both exploration work and working capital requirements.

During the year ended December 31, 2020, the Company applied for the COVID-19 Relief Line of Credit as part of the Government-sponsored Canada Emergency Business Account (CEBA). The credit limit of \$40,000 has an interest rate of 0% until December 31, 2020. On January 1, 2021, the operating line of credit was converted to a 2-year 0% interest term loan, of which \$10,000 of the loan will be forgiven if \$30,000 is repaid in full on or before December 31, 2022. If on December 31, 2022 the loan is not repaid, the Company can exercise the option for a 3-year term extension at an interest rate of 5% on the balance over the term extension period.

In addition, the Company has advances from Mendel Ekstein who is a major shareholder and director of the Company. Advances of \$155,329 (US\$123,522) were outstanding at March 31, 2021 (December 31, 2020 - 157,268 (US\$123,522)). The advances do not bear any interest and are due on demand. The Company's credit and interest rate risk is minimal. Accounts payable and accrued liabilities are short-term and non-interest-bearing.

The Company has Gold properties located in Quebec and Ontario, which require exploration programs prepared under the guidance of a qualified geologist. The Company is currently searching for this individual. Upon successful completion of a financing the Company will begin budgeting for the exploration expenditures.

Currently, the Company's operating expenses are approximately \$15,000 to \$30,600 per month for management fees, month-to-month professional fees and other working capital related expenses. Based on the rate of expenditure, the Company does not have sufficient cash on hand and will have to raise equity capital in the near term in amounts sufficient to fund both exploration work and working capital requirements. Materially all of the Company's exploration activities and a portion of the general and administrative costs are discretionary. Therefore, there is considerable flexibility in terms of the pace and timing of exploration and how expenditures have been, or may be, adjusted, limited or deferred subject to current capital resources and potential to raise further funds. The Company is waiting for clarity on the outcome of the lawsuit with the Quebec Government. The Company requires to complete a financing to carry on business activities. The major variables are expected to be the size, timing and results of the Company's exploration program and its ability to continue to access capital to fund its ongoing operations. Although the Company has been successful in raising funds to date, there is no assurance that future equity capital or debt will be available to the Company in the amounts or at the times desired or on terms that are acceptable to the Company, if at all. See "Risk Factors" below.

#### **Disclosure of Internal Controls**

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the consolidated 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 consolidated financial statements; and (ii) the consolidated financial statements fairly present in all material respects the financial condition, financial performance and cash flows 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 filed by the Company 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 such certificate are not making any representations relating to the establishment and maintenance of:

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

The Company'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 such 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.

### **Related Party Balances and Transactions**

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

As at March 31, 2021, Mendel Ekstein, an officer and director of the Company, controls or indirectly controls 26,528,736 common shares of the Company, or approximately 24% of the total common shares outstanding. As at March 31, 2021, Andreas Jacob, a director of the Company, controls or indirectly controls 11,967,625 common shares of the Company, or approximately 11% of the total common shares outstanding. As at March 31, 2021, the remaining directors and/or officers of the Company collectively control 220,874 common shares of the Company or less than 1% of the total common shares outstanding. To the knowledge of directors and officers of Petrolympic, the remainder of the Company's outstanding common shares are widely held. These holdings can change at any time at the discretion of the owner.

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<b>Names</b>	<b>Three months ended March 31, 2021</b> \$	<b>Three months ended March 31, 2020</b> \$
Marrelli Support Services Inc. ("Marrelli Support") <sup>(i)</sup>	5,851	8,055
DSA Corporate Services Inc. ("DSA Corp") <sup>(ii)</sup>	1,811	1,950
DSA Filing Services Limited ("DSA Filing") <sup>(iii)</sup>	205	nil
Fogler Rubinoff LLP ("Fogler") <sup>(iv)</sup>	nil	(306)
<b>Total</b>	<b>7,867</b>	<b>9,699</b>

- (i) For the three months ended March 31, 2021, the Company expensed \$5,851 (three months ended March 31, 2020 - \$8,055) to Marrelli Support for the services of Carmelo Marrelli to act as CFO of the Company. In addition, Marrelli Support also provides bookkeeping services to the Company. Carmelo Marrelli is the Managing Director of Marrelli Support. As at March 31, 2021, Marrelli Support was owed \$11,094 (December 31, 2020 - \$11,572) and this amount was included in accounts payable and accrued liabilities.
- (ii) For the three months ended March 31, 2021, the Company expensed \$1,811 (three months ended March 31, 2020 - \$1,950) to DSA Corp for corporate secretarial services. DSA Corp is affiliated with Marrelli Support through common ownership. As at March 31, 2021, DSA Corp was owed \$2,046 (December 31, 2020 - \$1,356) and this amount was included in accounts payable and accrued liabilities.
- (iii) For the three months ended March 31, 2021, the Company expensed \$205 (three months ended March 31, 2020 - \$nil) to DSA Filing for corporate filing services. DSA Filing is affiliated with Marrelli Support through common ownership. As at March 31, 2021, DSA Filing was owed \$231 (December 31, 2020 - \$1,187) and this amount was included in accounts payable and accrued liabilities.
- (iv) For the three months ended March 31, 2021, the Company expensed \$nil (three months ended March 31, 2020 - \$(306)) to Fogler for legal services. Adam Szweras, the Corporate Secretary of Petrolympic, is a partner at Fogler. As at March 31, 2021, Fogler was owed \$11,694 (December 31, 2020 - \$11,694) and this amount was included in accounts payable and accrued liabilities.

(b) Remuneration of directors and key management personnel of the Company was as follows:

<b>Salaries and Benefits</b>	<b>Three Months Ended March 31, 2021</b> \$	<b>Three Months Ended March 31, 2020</b> \$
Mendel Ekstein (CEO)	15,880	36,868
Andreas Jacob (Vice-President and Director)	16,115	35,069
<b>Total</b>	<b>31,995</b>	<b>71,937</b>

Payments to directors and key management personnel of the Company include certain transactions with related parties in (a) above, and (b) remuneration to directors and key management personnel of the Company. As at March 31, 2021, directors and key management personnel of the Company were owed

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\$496,713 or US\$395,000 (December 31, 2020 - \$464,718 or US\$365,000) for remuneration and reimbursable expenses, excluding amounts disclosed in (a) above.

Included in accounts payable and accrued liabilities is an amount of \$200,000 bonus payment to management, payable in common shares of the Company at \$0.105 per share for a total of 952,381 common shares to each officer, or 1,904,762 common shares in aggregate, subject to regulatory approval.

### **Risk Factors**

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risk Factors" in the Company's Annual MD&A for the fiscal year ended December 31, 2020, available on SEDAR at [www.sedar.com](http://www.sedar.com).

### **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.

#### Strategic & Operational Risks

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.

#### **Subsequent Event**

On May 11, 2021, the company announced that it entered into an agreement to acquire a gold property located 40km north of the town of Val-d'Or mining camp, Province of Quebec (the "Property"). The Property consists of 125-map designated claims in 4 blocks, all proximal to one another and covering a total of 5,479 hectares in the Barraute, Crpentier, Courville and Fiedmont townships in the Abitibi region.

The purchase price will be satisfied through the payment of \$15,000, the issuance of an aggregate of 1,050,000 common shares of the Company over 2 years, and issuance of warrants to purchase 350,000 common shares of the Company at a price to be determined. The Vendor will also receive a 2.0% NSR (net smelter returns) royalty from all future commercial mineral production on the Property, of which 1.0% can be bought back for \$1M at any time.