



Clarity**Gold**  
CORP.

**FORM 51-102F1  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

## OVERVIEW

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The following management discussion and analysis (“MD&A”) takes into account information available up to and including March 31, 2022 and should be read in conjunction with the audited financial statements for the year ended December 31, 2021. All amounts are stated in Canadian dollars unless otherwise indicated. These financial statements together with this MD&A are intended to provide investors with a reasonable basis for assessing the financial performance of Clarity Gold Corp. (the “Company”).

## FORWARD LOOKING STATEMENTS

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Information contained in this MD&A that is not historical fact may be considered “forward looking statements”. These forward-looking statements sometimes include words to the effect that management believes or expects a stated condition or result. All estimates and statements that describe the Company’s objectives, goals or plans are forward looking statements. Since forward looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors, including such variables as new information, changes in demand for commodity prices, legislative, environmental and other regulatory or political changes, competition in areas where the Company operates, and other factors discussed herein. Readers are cautioned not to place undue reliance on this forward-looking information.

## DESCRIPTION OF BUSINESS

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Clarity Gold Corp. (the “Company”) was incorporated under the *Business Corporations Act* (British Columbia) on September 11, 2019. On November 1, 2019, the Company changed its name from 1222991 B.C. Ltd. to Clarity Gold Corp. The Company’s head office and registered office are located at Suite 1680, 355 Burrard St, Vancouver, BC, V6C 2G8.

On June 25, 2020, the Company completed its initial public offering (“IPO”) and on June 29, 2020, the Company’s common shares commenced trading on the Canadian Securities Exchange (“CSE”) under the trading symbol “CLAR”. On July 1, 2020, the Company’s common shares commenced trading on the OTC Pink Sheets Market under the trading symbol “CLGCF”.

The Company is a Canadian mineral exploration company focused on the acquisition, exploration and development of gold projects in Canada.

The Company is currently evaluating its exploration and evaluation assets and has not determined whether its projects contain reserves that are economically recoverable. The recoverability of amounts recorded for the exploration and evaluation assets are dependent upon the discovery of economically recoverable reserves. The Company’s future capital requirements depend on many factors, including costs of exploration and development of the exploration and evaluation assets, cash flow from operations, costs to complete additional exploration, competition and global market conditions.

Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from novel coronavirus (COVID-19). The Company continues to operate its business at this time. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations cannot be reasonably estimated at this time. The Company anticipates this could have an adverse impact on its business, results of operations, financial position and cash flows in 2022. As of the date of this report, Covid-19 has had no impact on the Company’s ability to access and explore its current properties but may impact the Company’s ability to raise money or explore its properties should travel restrictions currently in effect in B.C. due to Covid-19 be extended or expanded in scope.

## SUMMARY OF BUSINESS ACTIVITIES

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The following financial and operational highlights occurred during the year ended December 31, 2021:

- On January 11, 2021, the Company completed the first tranche of a non-brokered private placement of 1,563,956 units at a price of \$0.96 per unit for gross proceeds of \$1,501,398. Each unit consisted of one common share in the capital of the Company and one-half of one common share purchase warrant. Each whole warrant is exercisable into one additional common share at a price of \$1.25 per common share until January 11, 2022.

The Company paid \$6,240 in legal fees, cash finder's fees of \$56,447, and issued 58,694 agent options with a fair value of \$32,357, which were recorded as share issue costs. Each agent option is exercisable into one additional common share at a price of \$0.96 per common share until January 11, 2022. The fair value of the agent options was determined using Black-Scholes Option Pricing Model with the following inputs: volatility 100%, expected life of 1 year, and a risk-free rate of 0.18%.

- On January 26, 2021, the Company paid \$450,000 to Big Ridge Gold Corp., and issued 685,391 common shares with a fair value of \$1,007,525 pursuant to the Destiny Agreement (as defined herein).
- On January 28, 2021, the Company completed the second tranche of a non-brokered private placement of 3,167,340 units at a price of \$0.96 per unit for gross proceeds of \$3,040,646. Each unit consisted of one common share in the capital of the Company and one-half of one common share purchase warrant. Each whole warrant is exercisable into one additional common share at a price of \$1.25 per common share until January 28, 2022.

The Company paid \$12,669 in legal fees, cash finder's fees of \$149,061, and issued 155,272 agent options with a fair value of \$124,027, which were recorded as share issue costs. Each agent option is exercisable into one additional common share at a price of \$0.96 per share until January 28, 2022. The fair value of the agent options was determined using Black-Scholes Option Pricing Model with the following inputs: volatility 100%, expected life of 1 year, and a risk-free rate of 0.15%.

- On March 5, 2021, the Company completed a non-brokered flow-through private placement of 2,054,405 common shares at \$1.85 per share for gross proceeds of \$3,800,649.

The Company paid \$3,296 in legal fees, cash finder's fees of \$266,045 and issued 143,808 agent options with a fair value of \$65,602 in connection with the private placement. Each agent option is exercisable at \$1.85 per common share on a non-flow-through basis until March 5, 2023. The fair value of the agent options was determined using Black-Scholes Option Pricing Model with the following inputs: volatility 100%, expected life of 2 years, and a risk-free rate of 0.30%.

- On March 9, 2021, the Company announced that Forage Val d'Or had begun mobilization of a diamond drill to the Destiny Project. Trail and pad clearing were underway, and crews were establishing core processing facilities in Val d'Or, Quebec.
- On April 7, 2021, a second drill rig was being mobilized to the Destiny Project. The second drill was tasked with completing several holes designed to infill historic drilling and test the GAP Zone at depth.
- On May 6, 2021, the Company purchased surface rights of two lots over a key portion of the Destiny Project.

The total purchase of \$250,000 for the two lots, at \$125,000 per lot involved a cash payment of \$25,000 (paid) per lot at closing, with the remaining balance of \$100,000 per lot payable in four equal consecutive installments of \$25,000 every quarter following the closing.

- On June 9, 2021, the Company signed a service provision contract with Minerva Intelligence Inc., an artificial intelligence company focused on amplifying human intelligence to support decision making, for the use of their proprietary DRIVER technology, enabling precision drill targeting and unparalleled insights into drilling data from the Destiny Project.

## **SUMMARY OF BUSINESS ACTIVITIES (continued)**

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- On June 16, 2021, the Company announced the first analytical results from approximately 2,600 m of the diamond drill program at the Destiny Project. These first holes confirm the presence of mineralization on the western portions of the historic DAC resource estimate area.
- On September 13, 2021, the Company mobilized a crew to carry out an exploration program at the Company's Empirical Project located in British Columbia. The crew will conduct additional grassroots exploration work, focusing on historic areas of known alteration and mineralization to satisfy work requirements for claims renewals and the original Option Agreement to earn 100% of the Empirical Project. The 10-day field program comprised of mapping, prospecting and channel sampling.
- On September 15, 2021, the Company announced results from the deepest hole to date on the Destiny Project. The hole is on the central portion of the DAC Zone that was designed to confirm mineralized structure at depth.
- On November 29, 2021, the Company announced the exercise of its option to earn 100% of the Empirical project. The 2021 field program assessment report, in conjunction with the \$178,533 expensed on exploration will keep the claims in good standing for an additional two years.
- On November 2, 2021, the Company announced its intention to initiate a normal course issuer bid to purchase up to 1,400,000 common shares of the Company. The actual number of common shares purchased, timing of purchases and share price will depend on market conditions and will be purchased in compliance with CSE policy guidelines. If management decides it has a better use of these funds to increase shareholder value, it is under no obligation to continue to buy common shares in the open market. No common shares were purchased during the year ended December 31, 2021.
- On December 2, 2021, the Company released the third tranche of analytical results from the approximately 10,800 meter diamond drill program at the Destiny Project.
- On January 12, 2022, the Company announced that, after careful consideration of the exploration program conducted and results to date, the Company has decided not to continue with the exploration program and provided cancellation notice pursuant to the option agreement with Big Ridge dated November 27, 2020 for the Destiny Project ("Option Agreement").

### **Appointment**

- On March 16, 2021, the Company announced the appointment of Mr. Olen Aasen to its Advisory Board. Mr. Aasen is an executive and corporate and securities lawyer with more than 14 years of experience in corporate, securities, mining and regulatory matters bringing a range of legal experience to the Company's team.
- On October 5, 2021, the Company announced the appointment of Mr. Stephen Sulis as the Chief Financial Officer and Corporate Secretary. Mr. Sulis is currently working as CFO with a number of TSX-V and CSE listed companies, predominately focused on the resource sector, both in Canada, and around the globe. His professional experience includes being a CFO with junior exploration and mining companies, implementation of accounting software, various equity financings and implementation of internal control policies.
- On October 5, 2021, the Company also announced the resignation of Mr. Peter Nguyen as CFO and Corporate Secretary. The Company would like to thank Mr. Nguyen for his service in seeing the Company through its Initial Public Offering and subsequent transactions and wishes him the best in future endeavours.
- On November 1, 2021, the Company announced the appointment of Rose Zanic to the Company's board of directors. Ms. Zanic has over 25 years' of capital markets and corporate finance expertise. She is a self-employed corporate finance professional with significant experience with going-public transactions, financings, M&A transactions and general public company administration. She previously spent 19 years with Wolverton Securities Ltd. where she was a Senior Vice-President, Corporate Finance in charge of the firm's corporate finance and syndication department.

## SUMMARY OF BUSINESS ACTIVITIES (continued)

- On November 1, 2021, the Company also announced the resignation of Theo Van Der Linde as a director of the Company. The Company thanks Mr. Van Der Linde for his services and wishes him all the best in his future endeavours.

## EXPLORATION AND EVALUATION ASSETS

The following table is a reconciliation of exploration and evaluation assets for the years ended December 31, 2021 and 2020.

	<b>Destiny Project</b>	<b>Empirical Project</b>	<b>Gretna Green Project</b>	<b>Tyber Project</b>	<b>Total</b>
Acquisition costs, December 31, 2019	\$ -	\$ 10,000	\$ -	\$ -	\$ 10,000
Additions	305,000	218,681	161,666	161,666	847,013
Acquisition costs, December 31, 2020	305,000	228,681	161,666	161,666	857,013
Additions	1,607,525	-	-	-	1,607,525
Termination of option agreement	(1,912,525)	-	-	-	(1,912,525)
Acquisition costs, December 31, 2021	\$ -	\$ 228,681	\$ 161,666	\$ 161,666	\$ 552,013

During the year ended December 31, 2021, the Company incurred exploration costs as follows:

<b>Exploration Expenditures</b>	<b>Destiny Project</b>	<b>Empirical Project</b>	<b>Gretna Green Project</b>	<b>Tyber Project</b>	<b>Total</b>
Administration	\$ 3,218	\$ 21,995	\$ -	\$ -	\$ 25,213
Assays	86,498	18,968	400	-	105,866
Drilling	1,199,734	-	-	-	1,199,734
Engineering	26,348	-	-	-	26,348
Field expenditures	167,677	31,753	12,376	7,962	219,768
Geological	208,615	45,500	-	-	254,115
Geophysical	27,961	-	-	-	27,961
Licenses and permits	44,904	-	-	-	44,904
Line cutting	37,199	-	-	-	37,199
Meals and lodging	62,446	18,000	1,500	825	82,771
Mobilization/demobilization	35,331	-	-	-	35,331
Sampling and storage	164,225	-	-	-	164,225
Transportation	45,209	42,317	-	1,000	88,526
	\$ 2,109,365	\$ 178,533	\$ 14,276	\$ 9,787	\$ 2,311,961

## EXPLORATION AND EVALUATION ASSETS (continued)

During the year ended December 31, 2020, the Company incurred exploration costs as follows:

Exploration Expenditures	Destiny Project	Empirical Project	Gretna Green Project	Tyber Project	Total
Administration	\$ -	\$ 500	\$ -	\$ -	\$ 500
Assays	-	233	219	299	751
Field expenditures	-	62	-	-	62
Geological,	23,450	2,584	3,333	1,833	31,200
Licenses and permits	-	2,100	500	500	3,100
Mapping	16,025	5,700	2,500	2,500	26,725
Meals and lodging	3,684	1,395	1,277	281	6,637
Transportation	686	10,430	538	470	12,124
	\$ 43,845	\$ 23,004	\$ 8,367	\$ 5,883	\$ 81,099

### Empirical Project

The Empirical Project (“Empirical”) consists of six unpatented mineral claims totaling 10,518.58 hectares which are located in the Lillooet Mining Division of British Columbia, Canada, of which, 3 were staked (the “Property”).

#### Project Acquisition

On July 2, 2020, the Company paid \$7,013 to stake two unpatented mineral claims, which are adjacent and contiguous to the west and south of the Empirical Project.

On July 5, 2020, the Company acquired an additional unpatented mineral claim, which is adjacent and contiguous to the east of the Empirical Project. As consideration for the acquisition, the Company paid \$3,334 cash, and issued 416,667 common shares with a fair value of \$158,334 to an arm’s length private company.

Pursuant to the terms of the Option Agreement dated October 16, 2019 (the “Agreement”), the Company can earn a 100% interest in the initial 3 unpatented Empirical claims (Empirical 1, 2 and 3) by making the following payments to Longford Capital Corp. (the “Optionor”) a company controlled by James Rogers, a Director and CEO of the Company:

- Issue 2,000,000 common shares by October 22, 2019 (issued at a value of \$10,000)
- Pay \$50,000 within 5 days of the common shares being approved for listing on a stock exchange (paid on June 29, 2020)
- Incur a minimum of \$80,000 in exploration costs on Empirical by October 1, 2020 (incurred)
- Incur a minimum of \$200,000 in exploration costs on Empirical by October 1, 2021 (incurred)

The NSR is payable following commencement of commercial production. The Company has the right to reduce the NSR from 2% to 1% at any time prior to commencement of commercial production by paying \$1,500,000 to the Optionor.

In addition to the terms outlined above, the Agreement contains a 5 km area of influence provision pursuant to which any claims staked by the Company within 5 km of the Empirical property boundary will automatically be included as part of the Agreement and subject to the 2% NSR.

#### Empirical Project Description

The Empirical Project lies just to the east of Mount Brew within the Pacific Ranges which are the southernmost subdivision of the Coast Mountains. They run northwest from the lower stretches of the Fraser River to Bella Coola and Burke Channel and include 4 of the 5 major coastal icecaps in the Southern Coast Mountains. The icecaps are the largest temperate-latitude icecaps in the world and feed a number of major rivers (by volume). The highest peak in the Pacific Ranges is Mount Waddington at an elevation of 4,019 m.

## **EXPLORATION AND EVALUATION ASSETS (continued)**

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The area encompasses a series of barren ridges rising to an elevation of 2,200 m and intertwinning valleys and alpine meadows. Elevations over the Property ranges from 1,250 m in the valley of Enterprise Creek to over 2,591 m on Mount Bew.

The Property can be accessed west of Lillooet on Route 99 via an old logging road that partially follows Enterprise Creek from Duffy Lake Road and onto the Empirical 1 claim block. Texas Creek road is also accessible via Route 99 and runs between 1 and 2 km from the Property's edge along its eastern border. Currently the Property does not have road access within the Property boundaries and the topography is steep and rugged, therefore helicopter access for exploration would be the most practical means of access. Helicopter service is available from Lillooet, BC.

The Property is predominantly underlain by low-grade metamorphosed sediments of the Jurassic-Cretaceous Relay Mountain Group (previously referred to as Lillooet and Brew Groups by Duffell and McTaggart in 1951). These rocks have been intruded by granodiorite and quartz-diorites of the Cretaceous or later. The Relay Mountain Group consists mainly of banded argillite, impure quartzite, boulder conglomerate, and contains marine fossils of early Lower Cretaceous age. Marshall Creek Fault trends northwest across the Property and divides the Relay Mountain Group of rocks from the Permian-Jurassic Bridge River Group of metasedimentary rocks. Along the Marshall Creek fault is a large area of carbonate alteration within the greenstones on the southwest side of the fault, and pervasive shear zones approximately 5-30 cm wide (Grextan & Bruland, 1988). Intruding into the Bridge River Complex, south of Reilly Creek and lying between the Marshall Fault and the Lillooet Fault, is a narrow band of Tertiary granodiorite.

Faulting is prevalent in the region with both Marshall Creek fault and Lillooet fault (splays from the Fraser River Fault System) crossing the property. The area between Towinock Creek and Spray Creek is extensively faulted and gently folded. The locally major, northwesterly trending fault crossing the Property was referred to as the Tow Fault by Hollister (1979). The faults follow a predominant northwesterly trend, however north-easterly, northerly, and easterly trends have also been observed on the Property. Movement along the faults appear to be predominantly dextral and the age of the faulting is uncertain. However, movement appears to have occurred post-dacite emplacement as dyke swarms have been shattered along the Tow fault line (McKillop, 1979).

A large 200 +m thick quartz-diorite boss intrudes the metasediments on the south fork of Towinock Creek which includes both porphyritic and granitic textures (McKillop, 1986). Results from Duval's 1979 work program reported that the boss was largely devoid of magmatic orthoclase, but contained variable amounts of quartz, biotite, hornblende and plagioclase (Hollister, 1979).

The boundaries of two small Cretaceous/Tertiary quartz diorite sills south of Spray Creek were refined by Hollister in 1979, however the bosses were so altered by ground water the precise mineralogy could not be determined. Numerous north-easterly trending, fine-grained dacite dykes were found between these sills and described as fresh mixtures of quartz and plagioclase with lesser orthoclase and mica-believed to be differentiates of the quartz-diorite sills (Hollister, 1979; McKillop, 1979). Dyke swarms are vertical to steep, west-dipping and reportedly occur parallel to the major faults on the property suggesting that the emplacement was structurally controlled (McKillop, 1979; McKillop, 1986). Metamorphic grade of rocks also increased at higher elevations suggesting that reverse faulting may be present in the claims area (McKillop, 1979).

The northern most quartz diorite boss (south of Towinock Creek) was reported by Hollister (1979) to show zones of potassic and phyllic alteration with areas of erratic pyritization occurring throughout. However, this was not confirmed by McKillop during the follow-up program of the same year. The follow-up program did suggest that the sericite and biotite alteration observed within the quartz-diorite boss may be related to a north-westerly trending set of quartz veins, as alteration appeared to decrease with increasing distance from the veins (McKillop, 1979). Quartz veins vary from 0.3cm to approximately 1m in width and are predominantly sub-parallel to faulting, however many other directions were also reported (McKillop, 1979). Composition of quartz veins in order of decreasing abundance: pyrrhotite, pyrite, molybdenite, and chalcopyrite (McKillop, 1979).

The southern quartz diorite bosses (south of Spray Creek) were reportedly strongly pyritized, however due to extensive weathering it was no longer possible to categorize hypogene alteration stages at the surface (Hollister, 1979).

## EXPLORATION AND EVALUATION ASSETS (continued)

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The Property is likely associated with a widespread hydrothermal Cu-Au-Mo porphyry system. The mineralized zones are believed to be located within quartz diorite stockworks located just south of Towinock Creek near the Tow Showing and just south of Spray Creek near the Spray Occurrence. This area is underlain by a thick sequence of schistose argillites of the Jurassic-Cretaceous Relay Mountain Group which have been intruded by porphyritic quartz diorite stocks (MINFILE: 092INW090). The porphyritic quartz-diorite stocks, and to a lesser degree, the enclosing sediments have undergone multiple episodes of fracturing and related quartz veining providing the pathways for sulphide mineralization.

The formation of this style of deposit is related to orogenic belts at convergent plate boundaries (subduction-related magmatism), or extension settings related to strike-slip faulting or back arc spreading during continent margin accretion (Panteleyev, 1995). It is generally recognized that Cu-Au-Mo porphyry deposits are associated with granodiorite, quartz monzonite, quartz diorite granitoid rock types. Cu-Au-Mo porphyries tend to occur as large zones of hydrothermally altered host rock and are closely related to island-arc volcano-plutonic suites. Composition of intrusions range from basalt-andesite volcanic and gabbro-diorite-quartz-diorite associations. These deposits are characterized by quartz stockworks, veins, sulphide bearing veins (pyrite, chalcopyrite, bornite, with lesser molybdenum), closely spaced fractures and fracture selvages. These subvolcanic intrusions are commonly emplaced by multiple successive intrusive phases and a wide variety of breccias. Grain size may range from coarse-grained phaneritic to porphyritic stocks, batholiths and dike swarms.

The timing of gold mineralization within these systems can be early or late and is related to magmatic or circulating meteoric waters. Early gold mineralization is closely associated with the potassic alteration zone and bornite and late mineralization is associated with pyrite and either sericitic, advanced argillic or skarn-destructive argillic alteration (Gendall, 1994). These deposits may be present in stockwork veins, skarns, or as carbonate and non-carbonate replacement (Gendall, 1994). Copper-gold style porphyries tend to be smaller in size compared to copper-molybdenum style porphyries (Gendall, 1994). Regional structures and structural lineaments act as mineralization controls in these systems and therefore the degree of fracturing and veining tends to favour the concentration of Cu and Au in these areas (Gendall, 1994; Panteleyev, 1995).

Mineralized zones occur at depths of 1 km or less and are mainly associated with the development of brecciated zones or preferential replacement in host rocks with a high degree of primary permeability (Panteleyev, 1995). Ore-grade stockworks are linked to zones of intensely developed fractures that are coincident or intersect multiple fracture sets. Propylitic alteration halo is widespread and generally surrounds an early potassic alteration core (which is commonly well-mineralized). Overprinting of early mineralization by younger mineralized phyllic alteration is also common. Pyrite is typically the predominant sulphide mineral, and the predominant ore minerals are chalcopyrite, molybdenite, lesser bornite and rare (primary) chalcocite. Subordinate minerals include tetrahedrite/tennantite, enargite and minor gold, electrum and arsenopyrite.

These deposits can be of the silica-oversaturated, silica-saturated and silica-undersaturated subtypes based on the modal composition of the associated alkalic intrusions and to a lesser extent on alteration (Lang & McLaren, 2003). The Property shows characteristics consistent with that of a silica-oversaturated alkalic copper-gold porphyry deposit on the basis of abundant quartz-sulphide veins, siliceous alteration, widespread, but weak sericitic alteration, and the presence of strong molybdenum mineralization, however the quartz-normative composition has not been reported in historical reports (Lang & McLaren, 2003). This particular style of deposit is favourable because, on average, they contain a greater tonnage of mineralization compared to other alkalic copper-gold porphyry types. Significant examples of silica-oversaturated alkalic copper-gold-molybdenum deposits include Goonombla/North Parks and Cadia-Ridgeway in Australia and Skouries in Greece (Lang & McLaren, 2003).

The Empirical Expansion claims have multiple copper showings in the Southeast, including the Rickhill Showing where six surface rock samples collected in 1959 averaged 0.95% copper over 12.9 meters (Minfile 092INW022). Elevated copper in soil samples indicate that this zone of copper mineralization may be extended up to a total of 30 metres (Skerl, 1959). In 1970, 538 soils were collected with copper intensities ranging between 6 ppm to 212 ppm (Assessment report 02530).

The additional ground to the southwest of the Empirical Project consists of two molybdenum showings namely, the Molybdenite Lake and Fyp showings where historic samples taken from quartz veins have assayed up to 0.32% molybdenum and 0.35 g/t gold (Nelson, J. (1985-10-01): B.C. Gold Reconnaissance 1985 - Lillooet Project - Final Report; Assessment Report 30875; (Minfile 092ISW109,092ISW110). Previous work has focused on the area's molybdenum potential, with minimal exploration for gold.

## **EXPLORATION AND EVALUATION ASSETS (continued)**

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### *Empirical Project Exploration Program*

On the 8th of September 2021, Longford Exploration Services Ltd. (“Longford Exploration”), a company controlled by James Rogers, a Director and CEO of the Company, mobilized a crew of three from Vancouver to carry out prospecting, mapping, and geochemical sampling activities on the Empirical Property. The program was conducted between the 8th and 27th of September and served to evaluate the Property’s prospectivity for copper, molybdenum, and gold mineralization and to verify results of historical reports. Between September 8th and 14th, the field crew was comprised of two geologists and one field assistant, however, from September 15th to the 16th, the crew size increased to five geologists and one field assistant, and thereafter, was reduced to three geologists and one field assistant.

The majority of the program consisted of prospecting, soil, chip and channel sampling in the eastern portion of the Property, in the vicinity of the Rickhill and Mud copper showings. Channel and chip sampling of historic trenches aimed to verify historic copper assays, including 0.95 % copper over 12.9 meters described in a 1959 Property Report (Skerl, 1959). Soil sampling in the region served to identify anomalous copper zones in addition to delineating the extent of copper anomalism in soil at the Rickhill and Mud showings. A total of 299 soil samples were collected from this region of the Property.

Further prospecting activities were focused largely in the Molybdenite Lake region, where the FYP and Molybdenite Lake showings occur. Prospecting targeted structures, contacts and mineralization within the valley that hosts the FYP and Molybdenite Lake showings, where historical rock sampling has identified up to 0.315% molybdenum (ARIS 30875). In total, 222 Rock (grab, chip, and channel) samples, 62 talus fines and 299 soil samples were collected throughout the Property.

### *2021 Rock Outcrop Sampling*

Rock sampling served to identify and delineate mineralization, in addition to structural and lithological hosts to mineralization in the vicinity of historical mineral occurrences such as the FYP, Molybdenite Lake, Rickhill, Mud, Spray and Tow showings. Ninety-six grab and chip samples were obtained from outcrop on the Empirical Property and were submitted for analyses.

### *2021 Historical Trench Chip Sampling*

Four historical blast and bulldozer trenches in the vicinity of the Rickhill showing (named in the 2021 Empirical Assessment report as; TR21-01, TR21-02, TR21-03, TR21-04) in addition to two historic trenches at the Mud showing (named; TR21-05, TR21-06) were chip sampled at 1 m intervals. The crew obtained a cumulative 126 meters of chip sampling across both mineral occurrences. At the Rickhill showing a silicified chlorite schist hosts copper mineralization, evidenced by strong malachite alteration and chalcopyrite observed.

### *2021 Historical Trench Channel Sampling*

Four small channel samples were taken over 1 m intervals at the Rickhill historical trench exposure. The channels were completed using a rock saw and consisted of two individual one-meter channels in trench TR21-02 and a two-meter channel taken from trench TR21-03. The channel samples served to investigate selective zones of higher-grade copper mineralization hosted within silicified chlorite schist in outcrop at the Rickhill mineral occurrence.

### *2021 Talus Fine Sampling*

Talus fine sampling was conducted in the southwest and central portions of the Empirical Property, in the vicinity of the Molybdenite Lake, FYP and Tow showings, respectively. Twenty-three talus fine samples were collected at 15 m intervals along a ridge east of Molybdenite Lake, host to the Molybdenite Lake showing, where anomalous molybdenum (0.315%) has been reported (ARIS 30875). Twenty samples were obtained from a cirque in the vicinity of the FYP silver-gold occurrence, west of Molybdenite Lake, with an additional 19 talus samples acquired from the central portion of the Property, approximately 2.8 km south of the Tow – molybdenum, copper showing (Minfile no. 092INW090). The talus sampling program served to test the potential for extended mineralization in the region surrounding the historical FYP, Tow and Molybdenite Lake mineral occurrences.

## **EXPLORATION AND EVALUATION ASSETS (continued)**

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### *2021 Soil Sampling*

Soil sampling activities during the 2021 Empirical field program were conducted solely in the eastern portion of the Property, in the vicinity of the Rickhill and Mud copper showings. Soil sampling in the region served to identify anomalous copper zones, in addition to delineating the extent of copper anomalism in soil at the Rickhill and Mud copper showings.

### *2021 Program Geology Summary*

#### *Molybdenite Lake Area*

Traverses during the 2021 exploration program south and east of Molybdenite Lake crossed strongly magnetic ultramafic sills of distinctive orange-brown weathering gabbro and peridotite within extensive dark green to black chloritic mafic meta-volcanic rocks. In contrast, widespread intrusions of light grey to orange sills and dykes of felsic feldspar porphyry and granitic composition outcrop across the rugged slopes in a north to north-easterly trend.

Individual quartz veins and zones of strong quartz vein stockwork are common in the felsic intrusive rocks and surrounding metamorphic outcrops. Sulphide mineralization consisting of veinlets and disseminations of pyrite, pyrrhotite and trace chalcopyrite occur in the highly silicified areas. Several late-stage large bull quartz veins outcrop northeast of Molybdenite Lake in close association with feldspar porphyry dykes. These veins occasionally form prominent castellated outcrops visible across the scree slopes and contain minor molybdenum, arsenopyrite and sphalerite as documented by Minfile no. 092ISW109.

#### Fraser River Valley-Nesikep Creek Area (Rickhill and Mud Showing(s) Area)

At the Rick Hill and Mud mineral occurrences, old hand and bulldozer trenches expose a thin veneer of chloritic meta-sedimentary rocks composed of phyllite, quartzite and schist overlying a quartz diorite sill. Mineralization consists of veinlets and disseminations of chalcopyrite and pyrite occurring in intervals of quartz-carbonate veining and along fracture faces and foliations in the meta-sediments. During the 2021 program the hand trenches were cleared of vegetation and scraped to bedrock to facilitate detailed chip sampling of the mineralized zones.

### **Tyber Project**

On July 5, 2020, the Company acquired the Tyber Project (or “Tyber Property”) which is comprised of one mineral claim located 1.4 kilometres south of Arrowsmith Lake, British Columbia. As consideration for the acquisition, the Company paid \$3,333 cash, and issued 416,667 common shares with a fair value of \$158,333 to an arm’s length private company.

#### *Tyber Project Description*

The Tyber gold-copper-silver project is located in southeast Vancouver Island in the Nanaimo mining division, 1.4 km south of Arrowsmith Lake and 18 km southwest of Parksville. Historic rock samples taken from the property between 1916 and 1986 assayed up to 2.328 oz/t Au (from historic adit dump), 16% Cu and 305.5 oz/t Ag (1916 BC Mines Annual Report; Minfile 092F236). The Tyber Project consists of several mineralized shear zones ranging from less than 0.30 m to 2.60 m. Two historical adits on the Tyber Project, believed to be targeting mineralized quartz veins within local shear zones, extend approximately 14 m and 47 m in length (1981 Assessment Report 09432).

#### *Tyber Project Exploration Program*

On the 16th of November 2021, Longford Exploration conducted one day of prospecting on the Tyber Property, applying specific focus to the locating of historical mining adits in the central portion of the Tyber Property.

The crew assessed Tyber Property access and satisfied the annual expenditure requirements for the Tyber Property through to June 2023.

## EXPLORATION AND EVALUATION ASSETS (continued)

### Gretna Green Project

On July 5, 2020, the Company acquired the Gretna Green Project, which is comprised of one mineral claim located 24 kilometres southwest of Port Alberni, British Columbia. As consideration for the acquisition, the Company paid \$3,333 cash, and issued 416,666 common shares with a fair value of \$158,333 to an arm's length private company.

#### *Gretna Green Project Description*

The Gretna Green gold-copper-silver project is located in the Alberni mining division, approximately 24 km southwest of Port Alberni and 1.3 km north of Henderson Lake. Historical reports show that a selected sample assayed 48.00 grams per tonne gold, 51.43 grams per tonne silver and 17.8 percent copper (Minister of Mines Annual Report 1921; Minfile 092F24). Limited information on the Gretna Green Project is available.

#### *2021 Gretna Green Project Exploration Program*

On the 14th and 15th of November 2021, Longford Exploration conducted prospecting activities on the Property. A crew comprised of one geologist and a field assistant accessed the claims via forestry service roads from Port Alberni, obtaining 10 grab rock samples from exposed road cuts.

### QUALIFIED PERSON STATEMENT

All scientific and technical information contained in this MD&A was reviewed by Rory Kutluoglu, P. Geo., who is a Qualified Person as defined in NI 43-101. The Qualified Person visited the Company's projects.

### Destiny Project

On November 27, 2020, the Company entered into an Option Agreement (the "Destiny Agreement") with Big Ridge Gold Corp. ("Big Ridge") to acquire up to 100% of the Destiny Project (the "Option"). The Destiny Agreement closed on January 11, 2021 (the "Closing Date") with both parties having met the conditions set forth in the Destiny Agreement. The project was located approximately 75 kilometres northeast of the city of Val d'Or in the prolific Abitibi Greenstone Belt. Subsequent to December 31, 2021, the Company provided cancellation notice and terminated the option agreement with Big Ridge and wrote-off all capitalized acquisition costs and surface rights of \$1,912,525 at December 31, 2021.

Pursuant to the terms of the Destiny Agreement, the Company could earn a 100% interest in the Destiny Project by making the following payments to Big Ridge:

Payment Date	Cash Payment Amount	Shares Issuance Amount (\$'s)	Interest Earned in Destiny Project
Previously paid on execution of the Letter of Intent dated October 29, 2020	\$50,000 (paid in fiscal 2020)	-	-
Within 60 days of the execution of the Destiny Agreement	\$450,000 (paid on January 26, 2021)	\$1,000,000 (685,391 shares issued on January 26, 2021, with a fair value of \$1,007,525)	-
12 months from the Closing Date of the Destiny Agreement	\$750,000	\$1,000,000	-
24 months from the Closing Date of the Destiny Agreement	\$750,000	\$1,500,000	49% earned
36 months from the Closing Date of the Destiny Agreement	\$1,000,000	\$2,000,000	100% earned
<b>Total</b>	<b>\$3,000,000</b>	<b>\$5,500,000</b>	<b>100% earned</b>

## EXPLORATION AND EVALUATION ASSETS (continued)

The Company paid \$255,000 as a finders' fee (equal to 3% of the aggregate consideration) for the transaction which had been accrued in the year ended December 31, 2020.

### *Acquisition of surface rights over Destiny Project*

On May 6, 2021, the Company announced the purchase of surface rights of two lots for a resulting total area of approximately 82 hectares over a key portion of the Destiny Project.

The surface rights cover the core of the historic work and were purchased from a local family in the region. Securing these surface rights allows the Company to work efficiently and provide security to advance the project. In addition to providing easier access to the work area, these surface rights secure a space for project infrastructure as the project advances.

The total purchase of \$250,000 for the two lots, at \$125,000 per lot involved a cash payment of \$25,000 per lot at closing, \$25,000 per lot on August 12, 2021 and December 22, 2021, with the remaining balance of \$50,000 per lot payable in two equal installments of \$25,000 every three months. The Company intends to complete the acquisition and retain the surface rights as the Company believes the surface rights are important to any future owner or operator of the Destiny project. The previously mentioned total area is net of an approximately 1.86 hectare portion of one of the lots that will be subdivided and transferred to the vendors. The Company will have a right of access servitude through this subdivision.

## SELECTED ANNUAL INFORMATION

	For the year ended December 31, 2021	For the year ended December 31, 2020 <i>(Restated)</i>	From incorporation on September 11, 2019 to December 31, 2019 <i>(Restated)</i>
Interest income	\$ -	\$ -	\$ -
Net loss and comprehensive loss	\$ 6,521,763	\$ 1,933,316	\$ 120,498
Loss per share, basic and diluted	\$ (0.24)	\$ (0.13)	\$ (0.02)
Total assets	\$ 3,501,903	\$ 1,548,090	\$ 159,473
Working capital (deficiency)	\$ 2,407,258	\$ (4,296)	\$ 23,747
Total non-current liability	\$ -	\$ 16,303	\$ -
Cash dividends	\$ -	\$ -	\$ -

The data in the audited financial statements for the year ended December 31, 2021 ("2021"), and the comparative year ended December 31, 2020 ("2020"), respectively, were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board, on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

During 2021, the Company had a net loss and comprehensive loss of \$6,521,763 (2020 - \$1,933,316). The 2021 loss is primarily attributed to \$2,311,961 (2020 - \$81,099) of exploration expenditures, \$1,194,977 (2020 - \$269,102) of marketing and \$1,912,525 (2020 - \$nil) loss due to the cancellation of the Destiny Option Agreement and write-down of all capitalized amounts, and share-based compensation of \$444,055 (2020 - \$722,550).

The Company successfully completed its IPO on June 25, 2020 and management has been actively investigating and acquiring exploration and evaluation assets which could potentially hold economically recoverable resources. In order to attract investors and obtain financing to seize resource project opportunities, the Company's management entered into various agreements to help raise awareness of the Company through domestic and international marketing campaigns.

The Company's total assets increased significantly in fiscal 2021. The main contributor to the increase in assets was the \$8,342,693 (2020 - \$1,894,900) received from equity financings.

## RESULTS OF OPERATIONS

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### *Three-month period ended December 31, 2021*

During the three-month period ended December 31, 2021 (“Q4-2021”), and the three-month period ended December 31, 2020 (“Q4-2020”), the Company recorded a net loss and comprehensive loss of \$504,725 (Q4-2020 - \$1,050,630) which as mainly attributed to:

- i) Consulting fees in Q4-2021 of \$60,555 (Q4-2020 - \$152,167) included 50% of the CEO’s fees, the CFO’s fees and various other consultants fees. The CEO dedicated much of his time in Q4-2021 on site at the Company’s Destiny Project in Quebec and accordingly 50% of his monthly fees have been allocated to Destiny Project’s field expenditures. During Q4-2020, all of the CEO’s fees were allocated to consulting fees.
- ii) Marketing in Q4-2021 of \$73,682 (Q4-2020 - \$148,176) were primarily incurred for global marketing and raising awareness of the Company. Since the Company’s listing on the CSE, the Company has incurred various marketing, web design, and international digital awareness campaign expenses to bring awareness to the Company and the ongoing Destiny Project drill program and Empirical exploration program.
- iii) Office and administration expenses of \$33,893 (Q4-2020 - \$7,026) consisted of office rent, director and officer liability insurance, and various miscellaneous office expenses.
- iv) Shareholder communications expense of \$nil (Q4-2020 - \$9,299) comprised of consultants to provide shareholder communication services and related costs. Shareholder communications expenses were lower in Q4-2021 due a reduced number of news releases while the Company awaited drill results.
- v) Registration and filing fees of \$3,875 (Q4-2020 - \$3,000) were incurred for ongoing monthly Canadian Securities Exchange (“CSE”) sustaining fees. Fee’s during the Q4-2020 period were comparable
- vi) Depreciation of \$7,084 (Q4-2020 - \$10,611) was recorded on the right of use asset, being the Company’s office lease located in Vancouver, British Columbia. The Company entered the lease during the year ended December 31, 2020 and terminated the lease during the year ended December 31, 2021
- vii) During Q4-2021, the Company recognized a total of \$2,395 (Q4-2020 - \$444,055) of share-based compensation on the 100,000 vested options granted on July 31, 2020. The decrease is due to nil (Q4-2020 - 700,000) options being granted during the quarter.
- viii) During Q4-2021, the Company recognized a write-down of \$1,912,525 (Q4-2020 - \$nil) on the Destiny acquisition costs and surface rights for the termination of the Destiny Option Agreement. Cancellation notice that was provided to Big Ridge subsequent to the year ended December 31, 2021.

### *Year ended December 31, 2021*

During the year ended December 31, 2021, and the year ended December 31, 2020, the Company recorded a net loss and comprehensive loss of \$6,521,763 (2020 - \$1,933,316) which was mainly attributed to:

- i) During 2021, the Company recognized a total of \$444,055 (2020 - \$722,550) of share-based compensation. On March 15, 2021, the Company granted 550,000 share options to a member of the Company’s Advisory Board, and two consultants. Each option is exercisable at \$1.48 per share until March 15, 2023. All of the options vested upon date of grant. The estimated fair value of the options was \$424,895 measured using the Black-Scholes Option Pricing Model with the following assumptions: share price \$1.48; exercise price - \$1.48; expected life – 2 years; volatility – 100% dividend yield - \$0; and risk-free rate – 0.31%. An additional \$19,159 of share-based compensation was recognized on vesting of options from the grant of 100,000 options on July 31, 2020.
- ii) Exploration expenditures in 2021 of \$2,311,961 (2020 - \$80,099). The increase is due to the significant drill program undertaken on the Destiny Project during the year.
- iii) Professional fees in 2021 of \$336,124 (2020 - \$113,117) were comprised of legal fees, accounting fees including audit and reviews, and corporate advisory. Professional fees were higher in 2021 due to increased corporate activity. During the comparative period, professional fees were primarily related to the Initial Public Offering.
- iv) Consulting fees in 2021 of \$371,635 (2020 - \$360,243) were comprised of fees for the CEO, former CFO, and for various consultants. The Company’s CEO monthly fees are \$10,000 per month. The CEO dedicated much of his time in 2021 on site at the Company’s Destiny Project in Quebec and accordingly 50% of his monthly fees have been allocated to Destiny Project’s field expenditures in 2021. During 2020, the CEO’s \$10,000 per month fees were only charged for nine months.
- v) Marketing in 2021 of \$1,194,977 (2020 - \$269,102) were primarily incurred for global marketing and raising awareness of the Company. The Company incurred marketing, investor relations, and various digital awareness campaigns to bring awareness to the Company’s Destiny Project drill program and exploration plans.

- vi) Investor relations in 2021 of \$204,765 (2020 - \$251,088). The Company continued to raise awareness of the Company's projects and exploration, including the maiden drill programs, over the year.
- vii) Office and administration expenses of \$88,477 (2020 - \$52,973) consisted of office rent, director and officer liability insurance, and various miscellaneous office expenses. Office expenses increased slightly in 2021 due to the increase in exploration and corporate activities.
- viii) Shareholder communications expense of \$19,951 (2020 - \$27,523) was comprised of consultants to provide shareholder communication services and other related costs. Shareholder communications expenses in 2021 were comparable to the comparative period.
- ix) Depreciation of \$26,184 (2020 - \$10,611) was recorded on the right of use asset, being the Company's office lease located in Vancouver, British Columbia. The Company entered into the office lease during the year ended December 31, 2020.
- viii) Registration and filing fees of \$16,752 (2020 - \$38,445) were incurred for ongoing monthly Canadian Securities Exchange ("CSE") sustaining fees and SEDAR filing fees related to the Annual Information Form. In 2020, this expense was higher as a result of the Company applying to list the Company on the CSE.
- ix) Travel expenses of \$7,334 (2020 - \$Nil) are comprised of office parking, taxis, and various travel expenditures.
- x) During 2021, the Company recognized a write-down of \$1,912,525 (2020 - \$nil) on the Destiny acquisition costs and surface rights for the termination of the Destiny Option Agreement. Cancellation notice that was provided to Big Ridge subsequent to the year ended December 31, 2021.
- xi) Recovery of flow-through premium of \$420,581 (2020 - \$nil) due the Company having incurred \$1,805,585 of the required \$3,800,649 in eligible flow-through expenditures.

## SUMMARY OF QUARTERLY FINANCIAL RESULTS

The following is a summary of selected financial information compiled from the interim and audited financial statements:

	December 31, 2021 (\$)	September 30, 2021 (\$)	June 30, 2021 (\$)	March 31, 2021 (\$)
Total assets	3,501,903	5,998,843	7,592,694	9,224,256
Total liabilities	542,633	398,676	736,989	445,847
Working capital (deficiency)	2,407,258	3,144,350	4,460,402	6,439,384
Shareholders' equity	2,959,270	5,600,167	6,855,705	8,778,409
Net loss and comprehensive loss	(1,842,074)	(1,257,933)	(1,979,092)	(1,442,664)
Loss per share	(0.07)	(0.04)	(0.07)	(0.06)

  

	December 31, 2020 (restated) (\$)	September 30, 2020 (restated) (\$)	June 30, 2020 (restated) (\$)	March 31, 2020 (restated) (\$)
Total assets	1,548,090	1,510,733	1,131,564	97,249
Total liabilities	655,051	142,996	237,870	36,368
Working capital (deficiency)	(4,296)	822,737	833,694	881
Shareholders' equity	876,736	1,367,737	893,694	60,881
Net loss and comprehensive loss	(651,891)	(1,070,425)	(198,134)	(12,866)
Loss per share	(0.04)	(0.06)	(0.03)	(0.00)

## LIQUIDITY AND CAPITAL RESOURCES

The Company has financed its operations to date through the issuance of common shares. The Company may continue to seek capital through various means including the issuance of equity and/or debt. As at December 31, 2021, the Company had no continuing source of operating revenues. The Company has not paid any dividends on its common shares and has no present intention of paying dividends, as it anticipates that all available funds for the foreseeable future will be used to finance its business and exploration activities.

Net cash used in operating activities was \$4,623,289 during the year ended December 31, 2021. Cash flows for operating activities were primarily comprised of corporate development, professional and consulting fees.

## LIQUIDITY AND CAPITAL RESOURCES (continued)

Investing activities during the year ended December 31, 2021 used \$600,000. On January 26, 2021, the Company paid \$450,000 to Big Ridge, and issued 685,391 common shares with a fair value of \$1,007,525 pursuant to the Destiny Agreement. In 2021, the Company made three payments of \$50,000 to purchase surface rights of two lots over a key portion of the Destiny Project.

Net cash provided by financing activities during the year ended December 31, 2021 was \$7,925,413.

During the year ended December 31, 2021, the Company received a total of \$8,342,693 from private placements, \$105,000 from the exercise of warrants, paid \$493,758 in share issue costs, and paid \$28,522 for lease liability payments as described below:

- On January 11, 2021, the Company completed the first tranche of a non-brokered private placement of 1,563,956 units at a price of \$0.96 per unit for gross proceeds of \$1,501,398. Each unit consisted of one common share in the capital of the Company and one-half of one common share purchase warrant. Each whole warrant is exercisable into one additional common share at a price of \$1.25 per share until January 11, 2022. The Company paid \$6,240 in legal fees and cash finder's fees of \$56,447.
- On January 28, 2021, the Company completed the second tranche of a non-brokered private placement of 3,167,340 units at a price of \$0.96 per unit for gross proceeds of \$3,040,646. Each unit consisted of one common share in the capital of the Company and one-half of one common share purchase warrant. Each whole warrant is exercisable into one additional common share at a price of \$1.25 per common share until January 28, 2022. The Company paid \$12,669 in legal fees and cash finder's fees of \$149,061.
- On March 5, 2021, the Company completed a non-brokered flow-through private placement of 2,054,405 common shares at \$1.85 per share for gross proceeds of \$3,800,649. The Company paid \$3,296 in legal fees and cash finder's fees of \$266,045.
- During the year ended December 31, 2021, the Company issued 300,000 common shares pursuant to the exercise of 300,000 warrants exercisable at \$0.35 per share for proceeds of \$105,000.
- A total of \$28,522 was paid for the lease liability during the year ended December 31, 2021. The lease was entered during the year ended December 31, 2020.

## RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resource or obligations between related parties.

Amounts due to related parties consist of charges accrued for accounting fees, consulting fees, corporate advisory fees, and capitalized exploration and evaluation costs. These amounts are due to a director and two companies controlled by two directors. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

The following amounts due to related parties are included in account payables and accrued liabilities:

	December 31, 2021	December 31, 2020
A company controlled by James Rogers, a Director and CEO of the Company	\$ 10,605	\$ 96,392
Due to James Rogers, a Director and CEO of the Company	-	28,146
A company jointly controlled Theo van der Linde, a former Director of the Company	-	19,568
A company controlled by Peter Nguyen, the former CFO of the Company	-	12,000
A company associated with Stephen Sulis, the CFO of the Company	15,750	-
A company controlled by Rose Zanic, a Director of the Company	1,575	-

	\$
\$	27,930
	156,106

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## RELATED PARTY TRANSACTIONS (continued)

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As at December 31, 2021, \$19,674 (December 31, 2020 – \$nil) was included in receivables and prepaid expenses with a company controlled by a Director and CEO of the Company.

The Company has identified all directors/officers as its key management personnel. The following are the transactions with related parties during the year ended December 31, 2021 and 2020, respectively:

	December 31, 2021	December 31, 2020
Consulting fees to a company controlled by James Rogers, a Director and CEO of the Company	\$ 120,000	\$ 90,000
Director fees to a company controlled by Rose Zanic, a Director of the Company	3,000	-
Accounting fees to a company jointly controlled by Theo van der Linde, a previous Director of the Company	22,925	28,750
Corporate advisory fees to a company jointly controlled by Theo van der Linde, a previous Director of the Company	52,213	33,100
Consulting fees to a company controlled by Peter Nguyen, the former CFO of the Company	18,000	18,000
Accounting fees to a company associated to Stephen Sulis, the CFO of the Company	15,000	-
Exploration and evaluation costs charged by a company controlled by James Rogers, a Director and CEO of the Company	-	50,000
Exploration expenditures charged by a company controlled by James Rogers, a Director and CEO of the Company	744,551	30,025
Share-based compensation to Theo van der Linde, a previous Director of the Company	-	37,227
	\$ 975,689	\$ 287,102

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## CRITICAL ACCOUNTING ESTIMATES

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The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances; however, actual outcomes can differ from these estimates.

Information about critical judgments and estimates in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities included in the preparation of these financial statements are discussed below:

*Impairment of Exploration and Evaluation assets* - Assets or cash-generating units ("CGUs") are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's mineral properties.

Subsequent to the year ended December 31, 2021, the Company terminated the option earn-in agreement on the Destiny Project and consequentially recognized a write-down of \$1,912,525 at December 31, 2021 related to the CGU.

In respect of costs incurred for its remaining exploration and evaluation assets, management has determined that the acquisition costs, which have been capitalized, continue to be appropriately recorded on the statements of financial position at its carrying value as management has determined there are no indicators of impairment for its remaining exploration and evaluation assets as at December 31, 2021.

*Flow-through shares* - The Company is required to spend proceeds received from the issuance of flow-through shares on qualifying resource expenditures. Management's judgment is applied in determining whether qualified expenditures have been incurred. Differences in judgment between management and regulatory authorities could materially increase the flow-through premium liability and flow-through expenditure commitment.

#### **CRITICAL ACCOUNTING ESTIMATES (continued)**

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*Usage of the going concern assumption* - The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

#### *Treatment of deferred financing costs*

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Management applies significant judgment to determine whether the completion of the transaction is considered likely.

#### **FINANCIAL RISK MANAGEMENT**

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The Company is exposed to minimal financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

#### ***Global pandemic***

Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from novel coronavirus (COVID-19). The Company continues to operate its business at this time. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations cannot be reasonably estimated at this time. The Company anticipates this could have an adverse impact on its business, results of operations, financial position and cash flows in 2022. As of the date of this report, Covid-19 has had no impact on the Company's ability to access and explore its current properties but may impact the Company's ability to raise money or explore its properties should travel restrictions currently in effect in B.C. due to Covid-19 be extended or expanded in scope.

#### ***Credit risk***

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The Company's cash is deposited in bank account held with major banks in Canada. As most of the Company's cash is held by a bank there is a concentration of credit risk. This risk is managed by using major banks that are high-quality financial institution as determined by rating agencies.

#### ***Liquidity risk***

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

As at December 31, 2021, the Company has \$2,750,286 (December 31, 2020 - \$48,162) cash to settle \$161,996 (December 31, 2020 - \$630,246) in accounts payable and accrued liabilities that are due within 90 days of period-end and \$380,637 in flow-through liability (December 31, 2020 - \$nil). The Company has until December 31, 2022 to spend the unspent flow through funds.

#### ***Currency risk***

The Company currently has minimal foreign exchange risk as it conducts all of its business within Canada and in Canadian dollars.

#### ***Interest rate risk***

The Company is not currently exposed to significant interest rate risk.

## FINANCIAL RISK MANAGEMENT (continued)

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### Capital Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity and loans as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities or return capital to its shareholders. The Company is not exposed to externally imposed capital requirements.

### CHANGE IN ACCOUNTING POLICY

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Effective January 1, 2021, the Company changed its accounting policy related to exploration costs. Previously, the Company capitalized its exploration costs on an individual prospect basis until such time as an economic ore body was defined or the prospect was abandoned. The Company will continue to capitalize all direct costs related to the acquisition of a mineral property interest upon acquiring the legal right to explore the property; however, exploration costs incurred prior to the determination of the feasibility of mining operations and a decision to proceed with development will be charged to operations as incurred.

The change in policy has been made to more appropriately disclose the operations of the Company and the value of its mineral properties.

The impact of the change in policy has been applied retrospectively in these financial statements and the summary of the impact of these changes is disclosed below:

#### Summary of Impact on the Prior year Statement of Financial Position

<b>As at December 31, 2020</b>	<b>As reported</b>	<b>Adjustments<sup>1</sup></b>	<b>As restated</b>
Exploration and evaluation assets	\$ 1,018,561	\$ (161,548)	\$ 857,013
Total assets	\$ 1,709,638	\$ (161,548)	\$ 1,548,090
Deficit	\$ (1,892,266)	\$ (161,548)	\$ (2,053,814)
Total equity	\$ 1,038,284	\$ (161,548)	\$ 876,736
Total liabilities and shareholders' equity	\$ 1,709,638	\$ (161,548)	\$ 1,548,090

<b>As at January 1, 2020</b>	<b>As reported</b>	<b>Adjustments<sup>2</sup></b>	<b>As restated</b>
Exploration and evaluation assets	\$ 90,449	\$ (80,449)	\$ 10,000
Total assets	\$ 239,922	\$ (80,449)	\$ 159,473
Deficit	\$ (40,049)	\$ (80,449)	\$ (120,498)
Total equity	\$ 114,196	\$ (80,449)	\$ 33,747
Total liabilities and shareholders' equity	\$ 239,922	\$ (80,449)	\$ 159,473

**CHANGE IN ACCOUNTING POLICY (continued)****Summary of Impact on the Prior year Statement of Loss and Comprehensive Loss**

<b>For the year ended December 31, 2020</b>	<b>As reported</b>	<b>Adjustments<sup>3</sup></b>	<b>As restated</b>
<b>Expenses</b>			
Exploration expenditures	\$ -	\$ 81,099	\$ 81,099
Loss and comprehensive loss for the year	\$ (1,852,217)	\$ (81,099)	\$ (1,933,316)
Loss per share – basic and diluted	\$ (0.12)	\$ (0.01)	\$ (0.13)
Weighted average number of shares outstanding – basic and diluted	15,122,742	-	15,122,742

**Summary of Impact on the Prior Year Statement of Changes in Equity**

	<b>As reported</b>	<b>Deficit Adjustment</b>	<b>As restated</b>	<b>As reported</b>	<b>Total Equity Adjustment</b>	<b>As restated</b>
<b>Balance as at January 1, 2020<sup>2</sup></b>	\$ (40,049)	\$ (80,449)	\$ (120,498)	\$ 114,196	\$ (80,449)	\$ 33,747
Loss and comprehensive loss for the year <sup>3</sup>	(1,852,217)	(81,099)	(1,933,316)	(1,852,217)	(81,099)	(1,933,316)
Balance as at December 31, 2020	(1,892,266)	(161,548)	(2,053,814)	1,038,284	(161,548)	876,736

The change in accounting policy did not have any impact on the Company's statement of cash flows for the year ended December 31, 2019.

<b>For the year ended December 31, 2020</b>	<b>As reported</b>	<b>Adjustments<sup>1</sup></b>	<b>As restated</b>
Cash used in operating activities	\$ (1,478,846)	\$ (68,410)	\$ (1,547,256)
Cash provided by financing activities	\$ 1,566,980	\$ -	\$ 1,566,980
Cash used in investment activities	\$ (185,423)	\$ 68,410	\$ (117,013)
Increase in cash	\$ (97,289)	\$ -	\$ (97,289)
Cash, beginning of the year	\$ 145,451	\$ -	\$ 145,451
Cash, end of the year	\$ 48,162	\$ -	\$ 48,162

**Summary of Adjustments**

<sup>1</sup> Reduction of \$161,548 in accumulated exploration costs, which was previously capitalized in mineral properties, has been expensed and is reflected in deficit as at December 31, 2020.

<sup>2</sup> Reduction of \$80,449 in accumulated exploration costs, which was previously capitalized in mineral properties, has been reflected in the opening deficit at January 1, 2020.

<sup>3</sup> Exploration costs of \$81,099 were incurred during the year ended December 31, 2020 are reflected as expenses as a result of the change in policy.

## CHANGE IN ACCOUNTING POLICY (continued)

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### Summary of Impact on Prior Year Income Tax Disclosures

A reconciliation of the Company's income taxes at statutory rates with the reported taxes:

For the year ended December 31, 2020	As reported	Adjustments <sup>3</sup>	As restated
Income/(loss) before taxes for the year	\$ (1,852,217)	\$ (81,099)	\$ (1,933,316)
Expected income tax (recovery)	(500,099)	(21,896)	(521,995)
Benefits of tax losses not recognized	500,099	21,896	521,995
Total income tax (recovery)/expenses	\$ -	\$ -	\$ -

## ADDITIONAL INFORMATION

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### Off-balance sheet arrangements

As at the date of this MD&A, the Company has no off-balance sheet arrangements.

### Legal proceedings

As at the date of this MD&A, management was not aware of any legal proceedings involving the Company.

### Outstanding share data

As at the date of this MD&A, the Company has 28,142,592 common shares and no preferred shares outstanding.

There are 830,618 agent options, 1,600,000 options, and 779,000 warrants outstanding as of the date of this MD&A.

### Contingent liabilities

As at the current date, management was not aware of any outstanding contingent liabilities relating to the Company's activities.

Any forward-looking information in this MD&A is based on the conclusions of management. The Company cautions that due to risks and uncertainties, actual events may differ materially from current expectations. With respect to the company's operations, actual events may differ from current expectations due to economic conditions, new opportunities, changing budget priorities of the company, and other factors.

## CAPITAL DISCLOSURE

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The Company manages its capital structure and makes adjustments to it based on the funds available to the Company, in order to support the acquisition of a new business. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to acquire and sustain future development of a business. The Company has conducted an exploration and sampling program on the Empirical Project, initial reconnaissance work on the Tyber and Gretna Green Projects, which will require additional exploration work and financial resources. The Company incurred numerous exploration and evaluation expenditures on the Destiny Project. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the current period. The Company is not subject to externally imposed capital requirements.

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION**

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The Company's financial statements and the other financial information included in this management report are the responsibility of the Company's management and have been examined and approved by the Board of Directors. The financial statements were prepared by management in accordance with IFRS and include certain amounts based on management's best estimates using careful judgment. The selection of accounting principles and methods is management's responsibility.

Management recognizes its responsibility for conducting the Company's affairs in a manner to comply with the requirements of applicable laws and established financial standards and principles, and for maintaining proper standards of conduct in its activities. The Board of Directors supervises the financial statements and other financial information through its audit committee.

This committee's role is to examine the financial statements and recommend that the Board of Directors approve them, to examine the internal control and information protection systems and all other matters relating to the Company's accounting and finances. In order to do so, the audit committee meets annually with the external auditors, with or without the Company's management, to review their respective audit plans and discuss the results of their examination. This committee is responsible for recommending the appointment of the external auditors or the renewal of their engagement.

## **DIRECTORS**

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Certain directors of the Company are also directors, officers and/or shareholders of other companies. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required to act in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any directors in a conflict will disclose their interests and abstain from voting in such matters. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.

As at the date of this MD&A, the directors of the Company are James Rogers, Andrew Male, and Rose Zanic.