



**OPTIMUM VENTURES LTD.**

Management Discussion & Analysis (“MD&A”)

For the year ended June 30, 2021

## **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

This MD&A includes certain forward-looking statements or information. All statements other than statements of historical fact included in this MD&A including statements relating to the potential mineralization or geological merits of the Company's mineral properties and the future plans, objectives or expectations of the Company are forward-looking statements that involve various risks and uncertainties. Such forward-looking statements include among other things, statements regarding future commodity pricing, estimation of mineral reserves and resources, timing and amounts of estimated exploration expenditures and capital expenditures, costs and timing of the exploration and development of new deposits, success of exploration activities, permitting time lines, future currency exchange rates, requirements for additional capital, government regulation of mining operations, environmental risks, anticipated reclamation expenses, timing and possible outcome of pending litigation, timing and expected completion of property acquisitions or dispositions, and title disputes. They may also include statements with respect to the Company's mineral discoveries, plans, out-look and business strategy.

Forward-looking statements are predictions based upon current expectations and involve known and unknown risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements.

Important factors that could cause actual results to differ materially from the Company's plans or expectations include risks relating to the actual results of exploration programs, fluctuating commodity prices, the possibility of equipment breakdowns and delays, the availability of necessary exploration equipment including drill rigs, exploration cost overruns, general economic or business conditions, regulatory changes, and the timeliness of government or regulatory approvals to conduct planned exploration work. Additional factors that could cause actual results to differ materially from the Company's plans or expectations include political events, the effects of pandemics, fluctuations in mineralization grade, geological, technical, mining or processing problems, future profitability on production, the ability to raise sufficient capital to fund exploration or production, litigation, legislative, environmental and other judicial, regulatory, political and competitive developments, inability to obtain permits, general volatility in the equity and debt markets, accidents and labor disputes and the availability of qualified personnel.

Although the Company has attempted to identify all of the factors that may affect our forward-looking statements or information, this list of the factors is not exhaustive. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks and uncertainties detailed throughout this MD&A. The Company disclaims any intention or obligation to update or revise forward-looking information, whether as a result of new information, future events or otherwise, except where required by applicable securities laws.

## **DATE AND INTRODUCTION**

Optimum Ventures Ltd. (the “Company”) is an exploration stage company incorporated on November 23, 2017 under the laws of the Province of British Columbia, Canada. The Company’s principal business activity is the acquisition, exploration and evaluation of mineral properties. The Company has the option to earn a 100% interest in the Premier South Property located in Alaska, USA.

On February 8, 2019, the Company incorporated a 100% owned Alaskan subsidiary, Hyder Ventures Ltd., to carry out its business activities in the State of Alaska.

The Company completed an initial public offering of its common shares on December 20, 2019 and on January 2, 2020, the Company’s common shares began trading on the TSX Venture Exchange under the symbol “OPV”.

The Company’s head office is located at Suite 1507 – 1030 West Georgia Street, Vancouver, British Columbia, V6E 2Y3.

This discussion and analysis of financial position, results of operations and cash flows of Optimum Ventures Ltd. for the year ended June 30, 2021 includes information up to and including October 26, 2021 and should be read in conjunction with the Company’s audited consolidated financial statements for the years ended June 30, 2021 and 2020. All dollar figures are in Canadian dollars unless otherwise stated.

The reader is encouraged to review the Company’s statutory filings on [www.sedar.com](http://www.sedar.com) and to review other information about the Company on its website at [www.optimumventures.ca](http://www.optimumventures.ca).

## **MINERAL PROPERTIES**

### ***Premier South Property***

The Premier South Property is comprised of eight patented mineral claims known as the Riverside claims and four federally located mineral claims known as the Mineral Basin claims, all situated in Hyder Mining District in the State of Alaska, USA. The Premier South Property is immediately south of Ascot Resources Premier Gold Project.

During the year ended June 30, 2020, the Company acquired 23 additional mineral claims in the State of Alaska to expand the area around the Premier South Property. The Company made a cash payment of \$18,000 for the additional claims.

In total, the Premier South Property covers 315 hectares.

**MINERAL PROPERTIES** – (cont'd)

***Premier South Property*** – (cont'd)

*Riverside Option*

By an option assignment agreement dated December 8, 2017, the Company has the right to acquire a 100% interest in the Riverside claims which consist of 8 patented mineral claims located in the Hyder Mining District, in the State of Alaska, USA. Consideration to acquire the 100% interest is as follows:

*Cash Payments:*

- i) US\$10,000 on execution of the agreement (paid);
- ii) a further US\$20,000 on or before September 22, 2018 (paid);
- iii) a further US\$30,000 on or before September 22, 2019 (paid);
- iv) a further US\$40,000 on or before September 22, 2020 (paid); and
- v) a further US\$50,000 on or before September 22, 2021 (paid).

*Cumulative Exploration Expenditures:*

- i) US\$10,000 on or before September 22, 2018 (incurred);
- ii) a further US\$30,000 on or before September 22, 2019 (incurred);
- iii) a further US\$40,000 on or before September 22, 2020 (incurred); and
- iv) a further US\$50,000 on or before September 22, 2021 (incurred).

Any exploration expenditures in excess of the minimum annual exploration expenditures will be carried over to the following year's commitment.

At any time after September 22, 2018 but before September 22, 2022, the Company may purchase the Riverside claims outright for US\$500,000 provided that all the cash payments and exploration expenditures set out above have been made to the latest anniversary date.

The Riverside claims are subject to a 2% net smelter returns royalty. The Company has the right, at any time, to purchase one-half of the royalty for US\$500,000.

**MINERAL PROPERTIES** – (cont'd)

***Premier South Property*** – (cont'd)

*Mineral Basin Option*

By an option assignment agreement dated December 8, 2017, the Company has the right to acquire up to a 100% interest in the Mineral Basin claims which consist of 4 federally located mineral claims located in the Hyder Mining District, in the State of Alaska, USA. Consideration to acquire an initial 51% the interest is as follows:

*Cash Payments:*

- i) US\$10,000 on execution of the agreement (paid);
- ii) a further US\$20,000 on or before September 25, 2018 (paid);
- iii) a further US\$20,000 on or before September 25, 2019 (paid);
- iv) a further US\$20,000 on or before September 25, 2020 (paid);
- v) a further US\$20,000 on or before September 25, 2021 (paid); and
- vi) a further US\$200,000 on or before September 25, 2022.

*Cumulative Exploration Expenditures:*

- i) US\$30,000 on or before September 25, 2018 (incurred);
- ii) a further US\$50,000 on or before September 25, 2019 (incurred);
- iii) a further US\$70,000 on or before September 25, 2020 (incurred);
- iv) a further US\$100,000 on or before September 25, 2021 (incurred); and
- v) a further US\$200,000 on or before September 25, 2022

Any exploration expenditures in excess of the minimum annual exploration expenditures will be carried over to the following year's commitment.

Upon earning a 51% interest in the Mineral Basin claims, the Company has the right to purchase the remaining 49% interest for US\$500,000 at any time on or before September 25, 2023.

The Mineral Basin claims are subject to a 2% net smelter returns royalty. The Company has the right, at any time, to purchase one-half of the royalty for US\$500,000.

**MINERAL PROPERTIES** – (cont'd)

***Premier South Property*** – (cont'd)

The Premier South Property is located in the USA which delayed the drilling program outlined in the Company's initial public offering prospectus due to COVID-19 cross border travel restrictions. During the year ended June 30, 2021, the Company used US labour contractors to upgrade the access road to the property and to complete surface field work. Management continues to monitor the situation.

On May 11, 2021, Optimum released results from a limited surface exploration program conducted late in the 2020 field season on the Riverside claims. Program highlights included:

- Up to 1,290 grams per tonne gold in grab samples from historic trenches on the Jarvis vein.
- Up to 4.89 grams per tonne gold in grab samples from historic trenches on the Lindeborg vein.
- Up to 2.6 grams per tonne gold in soil sampling on grid No. 1.
- Up to 4.95 grams per tonne gold in soil sampling on grid No. 2.
- Up to 39.1 grams per tonne gold in soil sampling on grid No. 3.

Mineralization on the claims is associated with northwest-trending shear zones within granodiorites. The veins generally consist of a one-to-1.5-metre-wide zone of quartz with massive galena, sphalerite, pyrite and minor chalcopyrite stringers as well as local coarse visible gold. Sulphides occupy the central 0.4 to 0.5 metres of the quartz veins and locally form 50% of the rock. Fine grained pyrite is present in the wall areas of the vein forming an envelope that is 0.5 metre wide on either side of the structures. Gold and silver values are associated with the base-metal-bearing portions of the veins identified to date.

Due to the US/Canada border closure as a result of COVID-19, exploration on the Premier South Property was limited to soil sampling in three separate grids and grab sampling of mineralization in historic trenches and adits. The program was conducted by local prospectors and samplers, supervised by the Company's qualified person. A total of 597 soil samples were collected every 25 metres along lines spaced 25 metres apart. The largest grid over the south end of the property measured 500 metres by 450 metres. The other grids located over the north end of the property measured out triangularly in shape due to steepness of the topography. Soil sampling was successful in outlining areas for further work. Sampling indicated up to 2.6 grams per tonne gold in soil sampling on grid No. 1, up to 4.95 grams per tonne gold in soil sampling on grid No. 2 and up to 39.1 grams per tonne gold in soil sampling on grid No. 3. A total of 32 grab samples were taken off the wall of trenches and short adits on the Jarvis and Lindeborg veins. A photo of the Jarvis vein as well as several photos of the coarse gold present in the vein are shown on the Company's website. Rock sampling was also conducted on quartz veins near the border and variably mineralized Lindeborg which yielded values ranging from 20 parts per billion gold to 29.1 grams per tonne gold as well as 0.2 to 538 grams per tonne silver. Sampling on the Jarvis was located from muck and broken material at the end of a short adit. Significant results from the 2020 Jarvis sampling are shown in the table below:

**MINERAL PROPERTIES** – (cont'd)

**Premier South Property** – (cont'd)

Sample #	Sample Type	Au g/t	Ag g/t	Pb %	Zn %
RV 20-1	Grab	958	432	5.86	12.4
RV 20-2	Grab	554	384	7.67	17.4
RV 20-3	Grab	349	307	6.64	20.5
RV 20-4	Grab	374	341	7.45	16.1
RV 20-5	Grab	68.7	719	21.8	34.6
RV 20-6	Grab	469	765	24.1	34.1
RV 20-7	Grab	588	717	13.7	29
RV 20-8	Grab	163	558	20	25.5
RV 20-9	Grab	344	733	27	25
RV 20-10	Grab	638	702	19.3	34.2
RV 20-11	Grab	1290	698	12.2	23.9
RV 20-12	Grab	408	467	10.5	20.3
RV 20-14	Grab	7.55	437	20.9	9.04

Grab samples are solely designed to show the presence or absence of any mineralization and to characterize the metal tenor in this mineralization. Grab samples are by definition selective and not intended to provide nor should be construed as a representative indication of grade or mineralization on the property, and the grab samples analyzed from the property reflect a broad range in grade.

The samples represent the only sampling carried out to date. Further work will expand on the strike of the high-grade zones as well as locate previously reported ones. The Company has received drill permits and has posted a bond for reclamation. Access roads were constructed in 2020. Assay analysis was performed by Activation Laboratories in Kamloops, BC. The samples were analyzed by ICP methods, and overlimits for gold, silver, copper, lead and zinc values were obtained by fire assay for gold and silver. Due to the low number of samples, no standards or blanks were inserted by the Company; however, the laboratory inserted internal quality assurance/quality control standards.

***Edward Kruchowski, P.Geo., a Qualified Person as defined by NI-43-01 regulations and a director of the Company, has reviewed this MD&A and approved the technical disclosures concerning the Premier South Property.***

Optimum Ventures Ltd.  
Management Discussion & Analysis  
For the year ended June 30, 2021

**MINERAL PROPERTIES** – (cont'd)

**Premier South Property** – (cont'd)

The Company incurred expenditures on the Premier South Property during the years ended June 30, 2021 and 2020 as follows:

	Riverside	Mineral Basin	Total
As at June 30, 2019	\$ 275,468	\$ 142,344	\$ 417,812
Property acquisition costs	9,000	9,000	18,000
Deferred exploration costs - assays	354	354	708
Deferred exploration costs - geological	1,800	1,800	3,600
Deferred exploration costs - travel and field	1,021	1,021	2,042
	<u>12,175</u>	<u>12,175</u>	<u>24,350</u>
As at June 30, 2020	\$ 287,643	\$ 154,519	\$ 442,162
Property acquisition costs	52,780	26,390	79,170
Deferred exploration costs - assays	11,743	11,743	23,486
Deferred exploration costs - claim maintenance	4,717	4,717	9,434
Deferred exploration costs - equipment rental	9,737	9,737	19,474
Deferred exploration costs - geological	1,775	1,775	3,550
Deferred exploration costs - labour	12,096	12,096	24,192
Deferred exploration costs - travel and field	32	33	65
	<u>92,880</u>	<u>66,491</u>	<u>159,371</u>
As at June 30, 2021	\$ 380,523	\$ 221,010	\$ 601,533

**SELECTED ANNUAL INFORMATION**

The following table sets out selected financial information of the Company for the years ended June 30, 2021, 2020 and 2019:

	June 30, 2021 \$	June 30, 2020 \$	June 30, 2019 \$
Revenues	Nil	Nil	Nil
Net and comprehensive loss	(107,518)	(484,000)	(90,649)
Basic and diluted loss per share	(0.005)	(0.024)	(0.006)
Total assets	3,787,380	854,799	612,719
Non-current financial liabilities	Nil	Nil	Nil
Dividends	Nil	Nil	Nil

**DISCUSSION OF OPERATIONS**

The Company recorded a net loss and comprehensive loss of \$107,518 for the year ended June 30, 2021 compared to \$484,000 for the year ended June 30, 2020.

The Company incurred listing expenses of \$190,935 for the year ended June 30, 2020. The listing expenses were related to the Company's initial public offering completed on December 20, 2019.

The Company incurred management fees of \$30,000 for the year ended June 30, 2021 compared to \$25,000 for the year ended June 30, 2020. On September 1, 2019, the Company entered into management fee agreements with the Company's CEO and CFO at a rate of \$1,250 each per month.

The Company incurred office rent of \$12,000 for the year ended June 30, 2021 compared to \$10,000 for the year ended June 30, 2020. On September 1, 2019, the Company entered into a month-to-month lease for office premises with a company with a director in common with the Company at a rate of \$1,000 per month.

The Company recorded a non-cash share-based payment charge of \$143,000 related to 1,100,000 stock options granted during the year ended June 30, 2020.

**FOURTH QUARTER**

The Company had no significant fourth quarter transactions to report.

**SUMMARY OF QUARTERLY RESULTS**

The figures for the quarters ended June 30, 2021 and 2020 are derived from the Company's audited consolidated financial statements. All other quarterly figures are derived from the Company's unaudited condensed interim consolidated financial statements.

	June 30, 2021 \$	March 31, 2021 \$	December 31, 2020 \$	September 30, 2020 \$
Net loss and comprehensive loss	(36,931)	(19,695)	(24,116)	(26,776)
Basic loss per share	(0.00)	(0.00)	(0.00)	(0.00)
Diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)

	June 30, 2020 \$	March 31, 2020 \$	December 31, 2019 \$	September 30, 2019 \$
Net loss and comprehensive loss	(47,944)	(99,465)	(97,518)	(239,073)
Basic loss per share	(0.00)	(0.01)	(0.00)	(0.01)
Diluted loss per share	(0.00)	(0.01)	(0.00)	(0.01)

During the three months ended September 30, 2019, the Company recorded a share-based payment charge of \$143,000 related to the grant of 1,100,000 stock options.

## **LIQUIDITY AND CAPITAL RESOURCES**

At June 30, 2021, the Company has not advanced its mineral properties to commercial production and has not generated revenue from operations. The Company does not expect to generate revenues in the foreseeable future and expects to continue to incur costs to further explore its mineral properties.

The Company's mineral property interests were acquired by way of option agreements which carry ongoing cash and expenditure obligations as disclosed earlier in this MD&A.

At June 30, 2021, the Company had working capital of \$3,055,655. The Company has financed its administrative overheads, mineral property acquisitions and exploration programs to date through the issuance of common shares. However, there is no assurance it will be able to do so in the future.

### ***Financing Activities***

#### ***Year ended June 30, 2021:***

##### ***Private Placement***

On June 25, 2021, the Company issued 11,538,191 units at \$0.26 per unit for gross proceeds of \$2,999,930. Each unit consisted of one common share and one-half of one share purchase warrant. Each full share purchase warrant entitled the holder to purchase an additional common share at \$0.35 until June 25, 2023. Legal fees of \$14,716 and filing fees of \$17,219 were paid with respect to this private placement.

#### ***Year ended June 30, 2020:***

##### ***Initial Public Offering***

The Company entered into an agreement with Mackie Research Capital Corporation (the "agent") to complete an initial public offering ("IPO") for the issuance of up to 4,000,000 common shares at \$0.15 per share for gross proceeds of up to \$600,000. The Company granted the agent an over-allotment option to increase the size of the IPO by up to 15% for 30 days from the closing of the IPO.

On December 20, 2019, the Company completed its IPO under which it distributed 4,255,000 common shares at \$0.15 per share for gross proceeds of \$638,250.

The agent exercised its overallotment option to the extent of 255,000 common shares. The agent received a cash commission of \$63,825. In addition, the agent received 425,500 share purchase warrants to purchase one common share for each warrant at \$0.15 per share until December 20, 2021. The warrants had a fair value of \$34,040.

**TRANSACTIONS BETWEEN RELATED PARTIES**

On June 30, 2021, the Company announced the appointment of Tyler Ross as Chief Executive Officer (“CEO”) and a director of the Company. Tyler Ross has 20 years of capital market experience in every stage of business development from inception through to sale. He has worked with many successful public companies, most recently Prime Mining Corp. and American Lithium Corp., primarily in financing, marketing and investor relations fields. In connection with the appointment of Tyler Ross as CEO, Andrew Bowering resigned as CEO and will continue to serve as a member of the board of directors. Jeremy Ross resigned as a director of the Company.

At October 26, 2021, the Board of Directors of the Company are Andrew Bowering, Edward Kruchkowski, Randolph Kasum and Tyler Ross. The officers of the Company are Tyler Ross, Chief Executive Officer and Edward Kruchkowski, Chief Financial Officer.

The Company incurred the following charges by directors of the Company, by companies with directors in common with the Company and by a company managed by a director of the Company during the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Deferred exploration costs – equipment rental	\$ 18,645	\$ -
Management fees	30,000	25,000
Rent	12,000	10,000
Share-based payments	<u>-</u>	<u>130,000</u>
	<u>\$ 60,645</u>	<u>\$ 165,000</u>

Key management personnel consist of the directors and officers of the Company. During the years ended June 30, 2021 and 2020, the Company incurred the following key management compensation charges:

	<u>2021</u>	<u>2020</u>
Management fees	\$ 30,000	\$ 25,000
Share-based payments	<u>-</u>	<u>130,000</u>
	<u>\$ 30,000</u>	<u>\$ 155,000</u>

At June 30, 2021, due to related parties includes \$63,000 (2020: \$31,500) due to companies with directors in common with the Company for management fees and office rent.

**OFF-BALANCE SHEET ARRANGEMENTS**

The Company had no off-balance sheet arrangements to report.

## **CRITICAL ACCOUNTING ESTIMATES**

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual experience may differ from these estimates and assumptions. The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive loss in the period of the change, if the change affects that period only; or in the period of the change and future periods, if the change affects both. Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements are discussed below:

### *Exploration and Evaluation Expenditures*

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of the expenditures is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

### *Rehabilitation Provisions*

Rehabilitation provisions were determined to be \$Nil based on management estimates. Assumptions were made which management believes are a reasonable basis upon which to estimate the future liability. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from period to period.

### *Share-Based Payments*

The Company uses the Black Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

### *Valuation of Deferred Tax Assets*

The Company makes a determination of whether it is likely that future taxable profits will be available to utilize against any deferred tax assets.

### *Going Concern*

The Company uses judgement in its assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

## **CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION**

The Company's significant accounting policies are disclosed in Note 3 to its audited consolidated financial statements for the years ended June 30, 2021 and 2020.

There was no impact on the Company's consolidated financial statements from the following new standards adopted effective July 1, 2019:

### *IFRS 2 – Shared-Based Payments*

In June 2016 the Board issued the final amendments to IFRS 2 which amended (a) the effects that vesting conditions have on the measurement of a cash-settled share-based payment; (b) the accounting for modification to the terms of a share-based payment that changes the classification of the transaction from cash-settled to equity settled; and (c) classification of share-based payment transactions with net settlement features.

### *IFRS 16 – Leases*

IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions.

## **PROPOSED TRANSACTION**

### ***Option of 80% Interest in the Harry and Outland Silver Bar Properties (the "Harry Property")***

On September 13, 2021, the Company entered into an option agreement to acquire an 80% interest in the Harry Property. The Harry Property consists of three contiguous mineral claims covering 1,333 hectares and is located in the Skeena Mining Division of British Columbia.

Pursuant to a December 1, 2020, National Instrument 43-101 technical report on the Harry Property, the majority of the property lies along the northwest portion of a geological corridor prospective for gold-silver mineralization that is up to three kilometres wide. It is at least 15 kilometres long extending from south of the Premier mine north to the Scottie gold mine and beyond.

In 2020, a new zone of mineralization called the Milestone was discovered on the Harry Property averaging 7.86 ounces per ton gold (269.5 grams per tonne) across a two-metre width. The full width of this new zone has not been defined due to overburden cover.

**PROPOSED TRANSACTION** – (cont'd)

***Option of 80% Interest in the Harry and Outland Silver Bar Properties (the “Harry Property”)*** – (cont'd)

Consideration to acquire the 80% interest in the Harry Property is as follows:

*Cumulative Exploration Expenditures:*

- \$500,000 on or before September 13, 2022 (“the Year 1 expenditures”);
- a further \$1,000,000 on or before September 13, 2023 (“the Year 2 expenditures”);
- a further \$1,500,000 on or before September 13, 2024 (“the Year 3 expenditures”);
- a further \$2,000,000 on or before September 13, 2025 (“the Year 4 expenditures”);
- a further \$4,000,000 on or before September 13, 2026 (“the Year 5 expenditures”).

All exploration expenditures are on a “make or pay” basis, meaning the Company shall either make the required expenditures, or pay the Optionor in cash for any shortfall within 30 days of the period during which the expenditures were required.

*Cash Payments:*

- \$50,000 on TSX Venture Exchange approval of the agreement;
- a further \$75,000 on or before the earlier of September 13, 2022 and the date that is 30 days after the date that the Year 1 expenditures are incurred;
- a further \$100,000 on or before the earlier of September 13, 2023 and the date that is 30 days after the date that the Year 2 expenditures are incurred;
- a further \$150,000 on or before the earlier of September 13, 2024 and the date that is 30 days after the date that the Year 3 expenditures are incurred;
- a further \$400,000 on or before the earlier of September 13, 2025 and the date that is 30 days after the date that the Year 4 expenditures are incurred;
- a further \$725,000 on or before the earlier of September 13, 2026 and the date that is 30 days after the date that the Year 5 expenditures are incurred.

**PROPOSED TRANSACTION** – (cont'd)

***Option of 80% Interest in the Harry and Outland Silver Bar Properties (the “Harry Property”) – (cont'd)***

*Share Issuances:*

- 200,000 shares on TSX Venture Exchange approval of the agreement;
- a further 300,000 shares on or before the earlier of September 13, 2022 and the date that is 30 days after the date that the Year 1 expenditures are incurred;
- a further 300,000 shares on or before the earlier of September 13, 2023 and the date that is 30 days after the date that the Year 2 expenditures are incurred;
- a further 700,000 shares on or before the earlier of September 13, 2024 and the date that is 30 days after the date that the Year 3 expenditures are incurred;
- a further 1,000,000 shares on or before the earlier of September 13, 2025 and the date that is 30 days after the date that the Year 4 expenditures are incurred;
- a further 1,500,000 shares on or before the earlier of September 13, 2026 and the date that is 30 days after the date that the Year 5 expenditures are incurred.

Upon exercise of the option by the Company, the parties will enter into a joint venture agreement for the operation of the Harry Property with the Company being the operator. The Company will grant the Optionor a 2% net smelter return royalty.

Concurrent with the entry into the option agreement for the Harry Property, the Company entered into a quitclaim agreement with another public company, pursuant to which the other public company agreed to terminate its option agreement on the Harry Property in consideration for \$27,000 and the issuance of 750,000 shares of the Company.

In connection with both of the above agreements, the Company entered into a finders' fee agreement under which the Company will pay a finder's fee (in shares) up to the maximum amount permitted by the policies of the TSX Venture Exchange.

The above agreements are subject to customary closing conditions, including the approval of the TSX Venture Exchange.

## **FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS**

The fair values of the Company's financial assets and liabilities approximate their carrying amounts.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's financial instruments consist of cash, accounts payable and due to related parties. Cash is classified as FVTPL and accounts payable and due to related parties are classified as financial liabilities at amortized cost.

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

### *Credit Risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash is exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness.

### *Interest Rate Risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash is exposed to interest rate risk.

### *Liquidity Risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's accounts payable and amounts due to related parties are all current and due within 90 days of the balance sheet date.

### *Currency Risk*

The Company's functional currency is the Canadian dollar. The exploration of the Company's mineral properties is partially conducted in United States dollars, which may impact operating results and cash flows by changes in the Canadian dollar vis-à-vis the United States dollar. The Company does not engage in any hedging activities to reduce its foreign currency risk.

## **RISKS AND UNCERTAINTIES**

In addition to the risks and uncertainties outlined earlier in this management discussion, the Company is also subject to other risks and uncertainties including the following:

### *COVID-19*

In March 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak and the related adverse public health developments have adversely affected workforces, economies and financial markets, leading to a global economic downturn. Management has implemented safeguards and protocols recommended by the relevant health authorities to protect its workers and continues to monitor the situation.

The Riverside/Mineral Basin property is located in the State of Alaska, USA which has delayed the drilling program outlined in the Company's initial public offering prospectus due to cross border travel restrictions.

### *General Risk Associated with the Mining Industry*

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, none of the Company's properties has a known commercial ore deposit. The main operating risks include: securing adequate funding to maintain and advance exploration properties; ensuring ownership of and access to mineral properties by confirmation that claims and leases are in good standing and obtaining permits for drilling and other exploration activities. The market prices for gold and other metals can be volatile and there is no assurance that a profitable market will exist for a production decision to be made or for the ultimate sale of the metals even if commercial quantities of precious and other metals are discovered.

Exploration and development activities involve risks which careful evaluation and experience may not, in some cases eliminate. The commercial viability of a mineral deposit depends on many factors not all of which are within the control of management. Some of the factors that affect the financial viability of a given mineral deposit include its size, grade and proximity to infrastructure, government regulation, taxes, royalties, land tenure, land use, environmental protection and reclamation and closure obligations. Management may attempt to mitigate its exploration risk by employing a strategy of joint ventures with other companies which balances risk while at the same time allows properties to be advanced.

### *Dependence on Key Personnel*

Loss of certain members of the executive team or key operational leaders of the company could have a disruptive effect on the implementation of the Company's business strategy and the efficient running of day-to-day operations until their replacement is found. Recruiting personnel is time consuming and expensive and competition for professionals is intense. The Company may be unable to retain its key employees or attract, assimilate, retain or train other necessary qualified employees, which may restrict its growth potential.

**RISKS AND UNCERTAINTIES** – (cont'd)

*Option Agreements*

The Company is currently earning some of its interests in its mineral properties through option agreements and acquisition of title to the property is only completed when the option conditions have been met. These conditions generally include making property payments and incurring exploration expenditures on the properties and can include the completion of pre-feasibility studies. If the Company does not satisfactorily complete its option conditions in the time frame laid out in the option agreement, the Company's title to the mineral property will not vest and the Company will have to write-down the previously capitalized costs related to that property.

*Permits and Licences*

The operations of the Company will require licences and permits from various governmental authorities, which have been applied for and/or will be applied for at the proper time. There can, however, be no assurance that the Company will be able to obtain all necessary licences and permits required to carry out exploration, development and mining operations of its projects.

*Environmental Regulation*

The operations of the Company are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions or various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards, and enforcement, fines and penalties for non-compliance are becoming more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and their directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of future operations. The Company may become subject to liability for pollutions or hazards against which it cannot insure or again which it may elect not to insure where premium costs are disproportionate to the Company's perception of the relevant risks. The payment of such insurance premiums and of such liabilities would reduce the funds available for exploration and production activities.

**OUTSTANDING SHARE DATA**

*Number of Issued and Outstanding Common Shares:*

At October 26, 2021 33,443,191

*Stock Options:*

At October 26, 2021, there were 1,100,000 stock options outstanding entitling the holders thereof the right to purchase one common share for each option held at \$0.15 per share until December 20, 2029.

*Share Purchase Warrants:*

At October 26, 2021, there were 5,769,095 share purchase warrants outstanding entitling the holders thereof the right to purchase one common share for each warrant held at \$0.35 until June 25, 2023.

*Agent's Warrants:*

At October 26, 2021, there were 425,500 agent's warrants outstanding entitling the holders thereof the right to purchase one common share for each warrant held at \$0.15 per share until December 20, 2021.