ENVIROGOLD GLOBAL LIMITED

# MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2022

This MD&A is dated April 20, 2023

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## Introduction

This Management's Discussion and Analysis of the financial condition and results of operations ("MD&A") for EnviroGold Global Limited ("EnviroGold" or the "Company") was prepared as at April 20, 2023 and is intended to supplement and complement EnviroGold audited consolidated financial statements for the year ended December 31, 2022, and the notes thereto (the "Financial Statements"). This MD&A contains forward-looking statements that are subject to risks and uncertainties as discussed below under "Cautionary Note". All dollar figures included herein are United States dollars ("USD" or "U.S. dollar") unless otherwise stated.

## Cautionary Note Regarding Forward-Looking Statements

This MD&A contains certain "forward-looking information" as defined in applicable securities laws (collectively referred to herein as "**forward-looking statements**"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "budgeted", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statements.

Forward-looking statements are based upon certain assumptions and other important factors regarding present and future business strategies and the environment in which the Company will operate in the future, which could prove to be significantly incorrect. Forward-looking statements are inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance, or achievements of the Company and/or its subsidiary to be materially different from those expressed or implied by such forward-looking statements. These factors are discussed in the section entitled "Risk Factors" in the Company's Form 2A Listing Statement dated July 14, 2021.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause the Company's actual results, performance, or achievements to be materially different from any of its future results, performance, or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary note. Accordingly, readers should not place undue reliance on forward looking statements.

The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether because of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward- looking statements, unless required by law.

All forward-looking statements and information contained in this MD&A are qualified by this cautionary statement.

## Description of the Business

The Company is a clean technology company accelerating the world's transition to a circular-resource economy by applying proprietary technology to recovering value in trapped resources and neutralizing industrial waste. As the Company commenced operations recently, it is in the start-up phase.

The Company's registered office and principal business address is located at 789 West Pender Street, Suite 810, Vancouver British Columbia, V6C 1H2. The Company's securities are listed on the Canadian Securities Exchange ("CSE") under the ticker "NVRO" (CSE: NVRO), on OTCQB under the ticker "ESGLF" (OTCQB: ESGLF) and on the Frankfurt Stock Exchange under the ticker "YGK" (FRA: YGK).

## Business Overview

The Company is a clean technology company that is working to sustainably supply the world's increasing demand for precious, critical, and strategic metals by applying proprietary technologies to recover metal from mining wastes in collaborating with asset owners. Its patents, and patents-pending, include technologies to improve critical, strategic, and precious metal recovery from complex mining wastes.

Among others, the Company has developed weak acid leach technology that operates at atmospheric pressure, relatively low temperature using an exothermic reaction, with a short one-hour residency time. It does not necessarily require fine grinding to optimize metal recovery from complex ores, and the acid acts as a catalyst in a self-sustaining chain reaction, and little of it is consumed ("the EnviroGold Process").

The Company's business model generates profits from the recovered metals and aims to reduce the long-term liabilities associated with mine closure. The profits are shared between the Company, the metal recovery plant operators (as applicable), and the asset owners. Importantly, the time between site identification, development, and operations is considerably shorter than typical mining projects, allowing the Company to generate revenues from sites faster, providing opportunities for scale.

As of December 31, 2022, the Company has acquired reprocessing rights to two mine tailings sites—one in North America and one in Australia—and is actively expanding its tailings reprocessing pipeline with two projects under commercial negotiations and several projects currently undergoing detailed initial review.

Key components of the Company's operational model:

> **Phase 1 - Opportunity Identification & Development:** Using mine production data, we identify, evaluate, and analyze key asset characteristics related to grade, metallurgy (including refractory components within the tailings), volume / tonnes, infrastructure, geopolitical risk, environmental and social benefits, state of project readiness, and socioeconomic and governance factors.
>
> Qualified reprocessing opportunities undergo an in-depth, scoping-level evaluation for formal management review, including an initial regulatory / permit review aiming to understand timing and costs. The Company engages with the asset owner to obtain access to the available, site-specific data, and full site access.
>
> Where this initial scoping assessment proves positive, the Company negotiates and then signs a commercial agreement with the asset owner. This commercial agreement secures the remediation and reprocessing access rights to the metal and mineral-bearing material.

The Company does not assume ownership of the asset and the environmental liabilities; post-processing by the Company, the asset and the environmental liabilities remain with the site owner. Compensation for the tailings or resource owner is negotiated by way of an arrangement to share the net profits from mineral and metal concentrates produced from the resource reprocessing.

The Company conducts a more detailed project evaluation to refine metallurgical and technical approaches to resource recovery including material analysis, laboratory metallurgical testing, and engagement with the regulator and other stakeholders. This work allows the Company to select an optimized process flow sheet for metal recovery, prepare any required approval submissions jointly with the owner, develop operational plans, and complete any required detailed engineering. This work culminates in a risk-based assessment to provide the Company's leadership with the required information for a go/no go review.

**Phase 2 - Implementation and Production:** The construction, installation, and commissioning of the metal recovery circuits follow Phase 1. Operational data, including metallurgical accounting, will be captured and analyzed, providing counterparties with transparent, periodic status reports throughout the operational period. The Company will continue to evaluate additional metal recovery options for the specific project to, wherever technical and economically possible, reduce the environmental liabilities and increase metal recovery.

**Phase 3 - Closure:** Following the completion of operations, the Company will demobilize its reprocessing equipment consistent with regulatory requirements and environmental best practices. Following the rehabilitation of the site, there is a final review of the plant footprint before it is handed back to the site owners.

## Highlights for the Reporting Period

During the year ended December 31, 2022, and subsequent to the date of this MD&A the Company:

- Filed a patent for its proprietary process to efficiently recover precious and critical metals from refractory ores while neutralizing the acid-forming potential of waste.
- Expanded its IP portfolio by acquiring 13 patents and 7 design patents with active registrations in the United States, Australia, Canada, United Kingdom, Germany & Chile. The portfolio includes patents for iron ore beneficiation, electrochemical oxidation, and the removal or destruction of contaminants including cyanide, arsenic, mercury, selenium, and Per- and Poly-fluoroalkyl Substances, from mining & industrial effluents. The Company expects the IP will significantly enhance its metal recovery and environmental remediation capabilities while facilitating future growth into direct lithium extraction, where the technology has demonstrated significant potential.
- Published a National Instrument 43-101 Technical Report (the "Technical Report") with the mineral resource estimate and economic assessment for the Hellyer Tailings Reprocessing Project (the "Hellyer Project").
- Appointed Mr. Allan Bezanson as the Chair of the Board. Mr. Bezanson's successful career in building and investing in high-growth companies spans over 35 years and includes extensive C-Suite and Board level experience.
- Completed initial exploratory coring at the Buchans River Delta Rehabilitation Project (the "Buchans"), validating the coring methodology and confirming the presence of tailings within the claims under contract. Following the receipt of the results from the Buchans initial coring, work on the Buchans was suspended, with a commensurate reduction in staff, pending a ruling from the Newfoundland and Labrador Mineral Rights Adjudication Board related to overlapping claims in the Buchans River Delta;

- Issued an aggregate of 3,834,150 stock options to directors, officers and employees in accordance with the Company's stock option plan;
- Announced the appointment Mr. Philip Creagh and Mr. Bruce Higson-Smith to the Board of Directors;
- Raised $4 million through a non-brokered placement with the sale of 12,436,188 units ("Units") for gross proceeds of $4,026,042 (CAD$5,098,837). Each Unit consists of one common share of the Company and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one share at a price of $0.37 (CAD$0.48) for a period of one year from issuance;
- Subsequent to the year-end, the Company announced the settlement of US$231,835 in debt (the "Debt Settlement") through the issuance of 1,448,970 common shares to Anderson Creagh Lai, a Non-Arm's Length Party, for general legal fees;
- On February 7, 2023, the Company closed an oversubscribed non-brokered private placement of unsecured convertible notes (the "Notes") for gross proceeds of $2,058,820 (CAD$2,800,000);
- Subsequent to December 31, 2022, the Company also extended the expiry date of an aggregate of 6,218,095 outstanding share purchase warrants issued in three tranches in April 2022 by an additional eighteen months so that all three tranches of the warrants expire on October 22, 2024;
- Granted an aggregate of 6,088,013 restricted share units ("RSUs") to directors, officers and employees of the Company. The RSUs will vest in tranches, 662,500 RSUs vest on March 31, 2023, 1,904,350 RSUs vest on March 31, 2024 and the remaining 3,521,163 RSUs being earned over a period of three years will vest on March 31, 2025;
- Announced positive preliminary test results and improved gold recovery rates from the pilot test program for its Hellyer Project.

Objectives for 2023 are subject to ongoing project-specific financing and are outlined as follows:

- Obtain additional financing for the Hellyer Project and ongoing operations;
- Initiate a comprehensive pilot plant study to further provide inputs for the construction of the Hellyer Project modular plant followed by its installation at the Hellyer Site;
- Advance the work on the feasibility study for the Hellyer Project;
- Execute commercial agreements on additional tailings reprocessing projects;
- Further expand the metal recovery project pipeline.

## Updates – Operations

As of December 31, 2022 and to the date of this MD&A, the Company is working on the evaluation of several projects. The Company continues negotiations and work on several projects with detailed techno-economic modelling and laboratory testing. The focus for the Company is the Hellyer Project.

The Company expects to advance the Hellyer Project through pilot plant testing (at the ALS Laboratory in Perth, Australia) to allow an update to the Technical Report. Subsequently, the Hellyer Project will move to detailed engineering to a go / no go decision in 2023. It is anticipated that construction would start in 2023 (subject to project financing being obtained).

Testing on waste materials for metal recovery from other potential projects will continue in 2023 using either commercial laboratories or the Company's laboratory in Tingalpa, Brisbane, Australia.

**Hellyer Tailings Reprocessing Project**

On February 18, 2022, the Company announced the execution of a binding, definitive agreement with Hellyer Gold Mines Pty Ltd ("Hellyer Gold Mines" or "HGM") to reprocess the tailings owned by HGM at the Hellyer Gold Mine, Tasmania, Australia.

On October 24, 2022, the Company published the Technical Report with the mineral resource estimate and economic assessment for the Hellyer Project, the highlights of which include:

- ~9 million tonnes of total tailings feed
- gold, copper, silver, zinc recoveries of 965,000 ounces Au Equivalent (oz AuEq)
- After – Tax Net Present Value discounted at 10% of US$ 175 Million
- After – Tax Internal Rate of Return of 66%
- After – Tax net cash flows of US$ 350 million over 8-year operating life
- All-in Sustaining Cost US$ 1,127 per oz AuEq, ~US$ 100/oz less than the industry average.

After the year end, the Company started the pilot program to optimize its proprietary process' application to the Hellyer Project as a precursor to detailed engineering and construction at the Hellyer Project.

The pilot program aims to optimize the effectiveness and efficiency of the process through bench scale and larger-scale pilot plant testing. The program is expected to establish the maximum metal recovery achievable from the Hellyer Porject tailings, producing precious metals doré, copper and zinc products, confirm baseline reagent requirements, and produce the data necessary for economic validation and engineering design.

The program should demonstrate the neutralization of the acid forming materials within the tailings, thereby demonstrating the environmental benefits of the EnviroGold Process. In parallel with the 3rd party pilot, the Company will work with Sedgman Pty Limited to optimize the flowsheet and throughput, and complete the engineering and design, for the Hellyer Project Stage 1 production facilities.

Following the completion of the 3rd party pilot, the Company is expected to update the Technical Report for the Hellyer Project.

**Buchans Project**

The Company is a party to six definitive contracts (on contiguous claims) for the reprocessing of tailings resources at Buchans. Work at the wider Buchans project is currently suspended pending the ruling of the Mineral Rights Adjudication Board over the central claims. The Company is in communication with various areas of the Government of Newfoundland and Labrador, aiming to further understand the process and the timing for resolution. Concurrent with the suspension of operations, there was a reduction in staff to control costs.

## RESULTS OF OPERATIONS

A summary of selected financial information for the period ended December 31, 2022, is as follows:

| | **December 31, 2022** | December 31, 2021 | December 31, 2020 |
|---|---|---|---|
| Net loss for the year | **$6,856,758** | $10,329,875 | $291,997 |
| Total assets | **2,387,287** | 4,720,456 | 8 |
| Cash flow from/(used) in operations | **(4,378,561)** | (3,229,926) | (8) |
| Loss per share (basic and diluted) | **$0.04** | $0.06 | $2,920 |

The Company has not recorded any revenues from its projects for the twelve months ended December 31, 2022.

**2022 Financial Results**

For the year ended December 31, 2022, and 2021, the Company reported net loss of $6,856,758 and $10,329,875, respectively. The major changes to the period over period decrease in loss of $3,473,117 were caused by:

- Decrease of $2,738,218 in non-cash share-based compensation;
- Decrease of $2,307,758 in listing expenses. The Company incurred a one-time cost of $2.3 million in 2021 related to its go-public transaction; offset by:
- Increase of $244,266 in amortization and depreciation over the estimated useful life of the intangible assets which were acquired as part of the corporate structure and business establishment of the EnviroGold group of companies;
- Increase of $300,000 of Other Loss. In Q1, 2022, the Company joined a consortium to submit a bid to purchase Keen Pacific, the holding company for Hellyer Gold Mines Pty Ltd., from the UK administrator. As a part of the bid conditions, the Company paid a $300,000 non-refundable deposit to the UK Administrator. In Q2 2022, it became known that the consortium of which the Company was a part, had not won the bid. Consequently, the Company has recognized the $300,000 non-refundable deposit as an Other Loss in Q2 2022. The Tailings Processing Operations Agreement with Hellyer Gold Mines Pty Ltd. remains in good standing; and
- Increase of $1,193,133 in office and administration expenses reflects an increase in activity.

The following table provides additional information on the Company's material components of the office and administration expenses for the twelve-month period:

| | **December 31, 2022** | December 31, 2021 |
|---|---|---|
| Management fees and salaries | **$1,451,555** | $879,244 |
| Legal | **686,585** | 360,656 |
| Marketing | **275,355** | 181,646 |
| Contract services | **83,934** | 180,519 |
| Travel | **200,265** | 14,990 |
| Insurance | **67,489** | 50,563 |
| Accounting and taxes | **105,518** | 136,196 |
| Office expenses | **181,775** | 127,634 |
| IT Expenses | **47,931** | 4,577 |
| | **$ 3,100,407** | $1,907,274 |

**Fourth Quarter Financial Results**

For the three months ended December 31, 2022 and 2021, the Company reported a net loss of $1,822,613 and $3,104,793 respectively. The major changes to the period over period decrease in loss of $1,282,180 were caused by a decrease of $1,284,956 in non-cash share-based compensation.

**Selected Quarterly Financial Information**

The following quarterly results for the most recent periods have been prepared in accordance with IFRS as listed below.

| **2022** | **Dec 31, 2022** | **Sep 30, 2022** | **Jun 30, 2022** | **Mar 31, 2022** |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Total assets | 2,387,287 | 3,424,417 | 4,839,443 | 5,246,092 |
| Net loss and comprehensive loss | (1,480,476) | (1,335,070) | (2,645,066) | (1,618,653) |
| Net loss per share – basic and diluted | (0.01) | (0.01) | (0.01) | (0.01) |
| Weighted average shares outstanding | 196,000,720 | 194,891,199 | 196,975,003 | 185,770,520 |

| **2021** | **Dec 31, 2021** | **Sep 30, 2021** | **Jun 30, 2021** | **Mar 31, 2021** |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Total assets | 4,720,456 | 6,338,507 | 5,444,114 | 5,391,694 |
| Net loss and comprehensive loss | (3,080,384) | (5,758,455) | (1,137,106) | (432,500) |
| Net loss per share – basic and diluted | (0.02) | (0.04) | (0.01) | (0.02) |
| Weighted average shares outstanding | 184,831,238 | 139,945,515 | 127,815,984 | 22,722,924 |

**This summary of quarterly results should be read in conjunction with the Company's annual consolidated financial statements and notes as filed on SEDAR.**

**Capital Resources and Liquidity**

At December 31, 2022, the Company had a working capital deficiency of $118,623 (December 31, 2021 - working capital of $726,233).

As of December 31, 2022, the Company held cash of $162,191 (December 31, 2021 - $910,176).

On February 7, 2023, the Company closed two tranches of a non-brokered private placement of unsecured convertible notes (the "Notes") for gross proceeds of $2,058,820 (CAD$2,800,000). The Notes mature twenty-four months from the date of issuance (the "Maturity Date") and bear interest at the rate of 8.0% per annum, calculated as simple interest accrued monthly in arrears. Pursuant to the terms of the Notes, the subscribers may at any time prior to the Maturity Date convert the principal amounts of the Notes into common shares of the Company, at a price of $0.18 (CAD$0.25) per common share. The accrued and unpaid interest is convertible into common shares at the average closing price on CSE for the 20 trading days immediately prior to the date of conversion.

During the year ended December 31, 2021, the Company closed a non-brokered private placement of 8,201,413 Units, for gross proceeds of $3,901,538. Each Unit was comprised of four common shares of the Company, and the Units were converted into 32,805,653 common shares of the Company. These funds were used to pay outstanding fees as well as operating and business development expenses in the period.

The proceeds from the offering were applied towards the payment of outstanding fees owed to the Company's auditors and consultants, filing fees, professional fees and general working capital.

| | Budget CAD$ | September 30, 2022 CAD$ | Budget US$ | September 30, 2022 US$ |
|---|---|---|---|---|
| Costs of raise | $ 323,000 | $97,175 | 315,049 | 94,783 |
| CSE application | 180,000 | 58,763 | 175,569 | 57,317 |
| Operational costs | 850,000 | 1,635,302 | 829,077 | 1,589,593 |
| Administration | 395,000 | 315,434 | 385,277 | 306,842 |
| Business development | 400,000 | 1,328,395 | 390,154 | 1,303,349 |
| Equipment | 1,250,000 | 42,071 | 1,219,231 | 41,035 |
| General working capital | 602,000 | 522,860 | 587,181 | 508,619 |
| | $4,000,000 | $4,000,000 | $3,901,538 | $3,901,538 |

During the year ended December 31, 2022, the Company closed three tranches of a non-brokered placement of 12,436,188 units ("Units") for gross proceeds of $4,026,042 (CAD$5,098,837). Each Unit consisted of one common share of the Company and one half of one common share purchase warrant. Each whole warrant entitled the holder to purchase one share at a price of $0.37 (CAD$0.48) for a period of one year from issuance.

The proceeds of the offering were applied primarily towards project development, the payment of outstanding fees owed to the Company's consultants, professional fees and general working capital.

| | Budget CAD$ | Dec 31, 2022 CAD$ | Budget US$ | Dec 31, 2022 US$ |
|---|---|---|---|---|
| Costs of raise | 300,000 | 271,930 | 240,000 | 214,065 |
| Business development expenses | 450,000 | 393,491 | 360,000 | 302,496 |
| General working capital | 500,000 | 401,396 | 400,000 | 308,573 |
| Professional and advisory services | 480,000 | 598,955 | 380,000 | 466,950 |
| Administration | 800,000 | 1,038,788 | 633,000 | 809,847 |
| Project development | 2,120,000 | 1,978,876 | 1,680,000 | 1,542,746 |
| Laboratory expenses | 350,000 | 278,684 | 307,000 | 219,174 |
| Cash on hand | - | 220,085 | - | 162,191 |
| | $5,000,000 | $5,182,206 | $4,000,000 | $4,026,042 |

The Company may need to access additional capital to expand more quickly or to fund its operations. To develop the Hellyer Project, the Company intends to complete project-specific funding.

## Outstanding Share Data

The Company is authorized to issue an unlimited number of common shares with no par value. The following table provides the details of changes in the number of issued common shares.

| Outstanding Share Data as of April 20, 2023 | *Number, #* |
|---|---|
| Common shares | 201,404,573 |
| Share purchase options (i) | 19,279,300 |
| Restricted Share Units (ii) | 11,425,513 |
| Warrants (iii) | 8,559,822 |

(i) Each share purchase option is exercisable into one common share of the Company
(ii) Each Restricted Stock Unit is redeemable for one common share of the Company.
(iii) Each warrant is exercisable into one common share of the Company.

## Related Parties Transactions

Transactions with related parties were in the normal course of operations and were measured at the same value as if the transactions had occurred with non-related parties. The amount of consideration established and agreed to by the related party.

For the year ended December 31, 2022, and 2021, the Company incurred related party expenses with the following key management personnel: Chief Executive Officer, Chief Financial Officer, and independent directors:

| | **December 31, 2022** | December 31, 2021 |
|---|---|---|
| Key management personnel compensation | **$960,178** | $435,379 |
| Share-based compensation (stock options) | **573,106** | 409,639 |
| Share-based compensation (RSU) | **41,957** | 1,111,536 |
| | **$1,575,241** | $1,956,554 |

As at December 31, 2022, the Company held a cash non-interest bearing loan from a director of the Company in the amount of $19,389 (2021 - $26,858).

The following table provides the details of amounts due to these related parties as of December 31:

| | **December 31, 2022** | December 31, 2021 |
|---|---|---|
| Key management personnel compensation | **$255,545** | $22,740 |
| Loan from a related party | **19,389** | 26,858 |
| | **$274,934** | $49,598 |

Concurrently with the execution of the Combination Agreement (Note 8), the Company and 2706791 Ontario Inc. ("Holdco"), a company controlled by Mr. Allan Bezanson (whom was a director and the CEO of the Company at that time), entered into an investor rights agreement (the "Investor Rights Agreement"). Pursuant to the terms of the Investor Rights Agreement, the Company agreed to provide Holdco, conditional and effective upon completion of the business combination that constituted a reverse takeover of the Company by EnviroGold Global (Can) Ltd. (“EnviroGold Global") (the “Transaction”), with certain preemptive rights such that Holdco, together with its affiliates, including Mr. Bezanson, will be entitled to notice of and participation rights in respect of any equity financings the Resulting Issuer completes for a period of 18 months from the completion of the Transaction, such that Holdco and its affiliates will be able to maintain their proportional shareholdings in the Company.

In connection with the closing of the Transaction, Mr. Bezanson resigned as a director and as the CEO on March 26, 2021. Mr. Bezanson was subsequently appointed to the board of directors and as Chair of the board on August 31, 2022.

As disclosed in Note 11(a) of the Financial Statements, on March 16, 2021, EnviroGold Global issued 45,571,069 common shares to satisfy debts owed to related parties of $288,689.

As disclosed in Note 11(e) of the Financial Statements, on July 9, 2021, the Company granted 14,000,000 RSUs with an expiry date of July 9, 2026 to directors of the Company. The estimated value at the grant date was $1,111,536 which was recognized in share-based compensation expense. As at December 31, 2021, 5,750,000 of the RSUs were converted into 5,750,000 common shares. In the quarter ended March 31, 2022, 1,250,000 RSUs were converted to 1,250,000 common shares.

As disclosed in Note 11(a) of the Financial Statements, on December 9, 2021, the Company issued 210,050 common shares at a price of $0.24 per common share for a debt settlement agreement with the Company’s former Chief Financial Officer in the amount of $50,750.

As disclosed in Note 11(a) of the Financial Statements, between March and April 2022, the Company closed three tranches of a non-brokered private placement with the sale of 12,436,188 Units issued at a price of $0.32 (CAD$0.41) per Unit for gross proceeds of $4,026,042 (CAD$5,098,837). Insiders of the Company subscribed for 421,049 Units for $307,903 proceeds (CAD$394,499) of the private placement.

As disclosed in Note 11(b) of the Financial Statements, related persons of the Company held 59,196,071 common shares as of December 31, 2022, which are subject to escrow restrictions.

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

## Financial Instruments and Financial Risk Factors

The Company thoroughly examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. Where material, these risks are reviewed and monitored by the Board of Directors.

### *Need for additional funding*

Further funding may be required by the Company to continue as a going concern. There is no guarantee that the Company will be able to raise sufficient funds. In addition, any future financing may be dilutive to existing shareholders of the Company. Many factors influence the Company’s ability to raise funds, including the health of the capital markets, the climate for the development stage investment and the Company’s track record. Actual funding requirements may vary from those planned due to a number of factors, including the development of new projects. Management is continually assessing the Company’s cash needs and potential sources of financing but recognizes there may be some difficulty obtaining such financing due to the current market conditions. There is no guarantee that the Company will be able to secure additional financing in the future at terms that are favorable, or at all.

***Liquidity risk***

The Company's exposure to liquidity risk is dependent on its ability to raise funds to meet purchase commitments and to sustain operations. The Company controls its liquidity risk by managing working capital and cash flows. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2022, the Company had a cash balance of $162,191 (2021 - $910,176) to settle current liabilities of $498,700 (2021 - $350,518). All of the Company's financial liabilities have contractual maturities of less than 12 months and are subject to normal trade terms.

***Going Concern Risk***

The Financial Statements have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures and meet its liabilities for the ensuing year involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. The Company's future operations are dependent upon the identification and successful completion of equity or debt financing and the achievement of profitable operations at an indeterminate time in the future. There can be no assurances that the Company will be successful in completing equity or debt financing or in achieving profitability.

***Foreign Currency Risk***

In the normal course of operations, the Company is exposed to currency risk due to business transactions in foreign countries. Transactions related to the Company's activities are mainly denominated in USD and some in Canadian ("CAD") and Australian Dollars ("AUD"). Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in the foreign exchange rate. The Company has not entered into any derivative contracts to manage this risk. Monetary assets and liabilities denominated in foreign currencies are translated into USD at the period-end exchange rates.

As at December 31, 2022, the USD equivalent of the Company's foreign financial instruments, primarily denominated in CAD and AUS, is as follows:

| | United States Dollar December 31, 2022 | United States Dollar December 31, 2021 |
|---|---|---|
| Cash | **$ 112,148** | $ 683,650 |
| Other receivables | **216,776** | 122,496 |
| | **328,924** | 806,146 |
| Accounts payable and accrued liabilities | **(484,836)** | (311,357) |
| Net liabilities exposure | **$ (155,912)** | $ 494,789 |

Based on the above net exposures at December 31, 2022, a 10% depreciation or appreciation of the above currencies against the USD would result in an increase or decrease, respectively, in net loss by $14,174 (December 31, 2021 - $44,973).

***Price Risk***

The Company is exposed to commodity price risk. Declines in the market price of gold, silver and other minerals may adversely affect the Company's ability to raise capital in order to fund its ongoing operations.

**Fair Value**

IFRS requires that the Company disclose information about the fair value of its financial assets and liabilities. The carrying amounts for cash and cash equivalents, accounts receivables, accounts payable and accrued liabilities on the Statements of Financial Position approximate fair value because of the limited term of these instruments. Fair value estimates are made at the statement of financial position date based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The book values of cash, other receivables, other financial assets, and accounts payable and accrued liabilities approximate their respective fair values due to the short-term nature of these instruments.

## Critical Accounting Policies, Estimates and Accounting Changes

***Critical Accounting Policies and Estimates***

The Company's accounting policies are described in Note 3 to the consolidated 2022 annual financial statements. The preparation of the Company's consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Estimates and assumptions are continually 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. Actual results could differ from these estimates.

***Changes in Accounting Policies***

At the date of approval of these Financial Statements for the year ended December 31, 2022, there were no new accounting policies issued that were expected to have a material impact on the Company.

## Off-Balance Sheet Arrangements

As of December 31, 2022, there were no off-balance sheet arrangements.

## Financial Instruments and risk management

The Company is required to disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet dates, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The Company's financial instruments recognized in the balance sheet consist of cash and cash equivalents, HST/GST receivable, and current liabilities. The fair value of these financial instruments approximates their carrying value due to the short maturity or current market rate associated with these instruments.

## Risk Factors

There are a number of risks that could affect the Company's business prospects. They include the speculative nature and the ability to finance the exploration and development of the Company's mineral properties, operating hazards, environmental and other government regulations, competition in the marketplace and markets for the Company's securities. The Company's viability will depend on defining recoverable and economic resources and establishing positive comprehensive feasibility studies leading to production decisions. After completion of positive feasibility studies, the Company's success is dependent on maintaining the title and beneficial interest in the properties, obtaining the necessary governmental approvals and the successful financing, construction, and operation of a facility to profitably extract the contained metals.

The Company has no sources of revenue and has experienced losses and negative cash flows from operations for the 2022 and 2021 fiscal years. The continuation of the Company as a going concern is dependent upon successfully finding additional sources of financing. This circumstance indicates the existence of a material uncertainty which casts significant doubt as to the Company's ability to continue to operate as a going concern.

The Company is in the development stage and is subject to risks and challenges similar to other companies in a comparable stage of development. These risks include, but are not limited to, dependence on key individuals and successful project development. The application of going concern is dependent upon the Company's ability to attain commercial production and generate future profitable operations. Substantial expenditures are required to establish reserves, to develop processes to extract the resources and, in the case of new properties, to develop the processing facilities and infrastructure at any site chosen for extraction. The financing required to achieve this exceeds the Company's current financial resources. In the absence of cash flow from operations, relies on capital markets to fund its development activities. There can be no assurance that adequate funding will be available for those purposes when required.

The long-term profitability of the Company's operations will be in part directly related to the cost and success of its project development programs, which may be affected by a number of factors. These factors include the particular attributes of tailings deposits including the quantity and quality of the gold and precisions metals, proximity to, or cost to develop, infrastructure for extraction, financing costs, access to capital, mineral prices and the competitive nature of the industry. Also, of key importance are governmental regulations including those relating to prices, taxes, royalties, land tenure and use, the environment and the importing and exporting of minerals. The effects of these factors cannot be accurately predicted, but any combination of them may result in the Company not receiving an adequate return on invested capital.

*Capital Management*

While the Company does not presently rely on revenues from operations given it is a development stage enterprise, it does rely solely on capital raised on the public equity markets in order to fund operations. The COVID-19 pandemic has created significant volatility on the equity markets and as such will have a foreseeable negative impact on capital raising initiatives moving forward as economic growth projections have contracted significantly. While the Company feels it can effectively manage its capital in the short term, there is no guarantee that future fundraising attempts will be successful. In this case, the Company would look to alternative sources of capital such as disposition or option of non-core exploration assets to reduce exposure and preserve capital.

*No Revenues*

To date, EnviroGold has not recorded any revenues from operations nor has the Company commenced commercial production on any property. There can be no assurance that significant losses will not occur in the near future or that the Company will be profitable in the future. The Company's operating expenses, and capital expenditures may increase in subsequent years as consultants, personnel and equipment associated with advancing development and commercial production of the properties. The Company expects to continue to incur losses unless and until such time as it enters into commercial production and generates sufficient revenues to fund its continuing operations. The development of the property will require the commitment of substantial resources to conduct time consuming development. There can be no assurance that the Company will generate any revenues or achieve profitability.

*Dependence on Outside Parties*

The Company has relied upon consultants, engineers and others and intends to rely on these parties for development, construction and operating expertise. Substantial expenditures are required to establish mineral reserves through drilling, to carry out environmental and social impact assessments, to develop metallurgical processes to extract the gold and other metals from the minerals. If such parties' work is deficient or negligent or is not completed in a timely manner, it could have a material adverse effect on the Company.

*Key Personnel*

The Company relies on a limited number of key consultants and senior management and there is no assurance that EnviroGold will be able to retain such key consultants or other senior management. The loss of one or more such key consultants or members of senior management, if not replaced, could have a material adverse effect on the Company’s business, financial condition, and prospects. Directors and management had previously accepted deferrals of remuneration in order to assist the Company through the economic turmoil; however, this potentially adds to the risk of losing experienced personnel.

*Industry Risk*

The Company’s ability to continue funding its development program and possible future profitability is directly related to commodities market prices. Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The level of interest rates, the rate of inflation, the world supply of and demand for mineral commodities, and exchange rate stability can all cause significant price fluctuation. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political development. The price of mineral commodities has fluctuated widely in recent years, and future price declines could cause commercial production to be impracticable, thereby having a material adverse effect on the Company’s business, financial condition and results of operations.

*Share Price Volatility*

In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered to be development stage companies, has experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that such fluctuations will not affect the price of the Company’s securities.

*Shareholders’ Interest in the Company may be Diluted in the Future*

The Company will require additional funds for its planned activities. If the Company raises additional funding by issuing equity securities, such financing could substantially dilute the interests of its Shareholders. Sales of substantial amounts of common shares or the availability of securities for sale, could adversely affect the prevailing market prices for the Company’s common shares. A decline in the market prices of common shares securities could impair the ability of the Company to raise additional capital through the sale of new common shares should the Company desire to do so.

The Company will do its best to minimize these business risks by employing management, technical staff and consultants with extensive industry experience; maintaining a low-cost structure; maintaining prudent financial practices; controlling timing and magnitude of operating and capital costs; and maintaining insurance in accordance with industry standards.

### Approval

The Board of Directors of EnviroGold has approved the disclosure contained in this MD&A.

## Additional Information

Additional information relating to the Company is on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") at www.sedar.com.