AMERICAN PACIFIC MINING CORP.

MANAGEMENT DISCUSSION & ANALYSIS
(FORM 51-102F1)

FOR THE THREE MONTHS ENDED MARCH 31, 2021

(EXPRESSED IN CANADIAN DOLLARS)

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BACKGROUND

This Management Discussion and Analysis ("MD&A") of American Pacific Mining Corp. ("APMC", "American Pacific" or the "Company") financial position and results of operations for the three months ended March 31, 2021 is prepared as at May 31, 2021. This MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2021 and the supporting notes. Those unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar figures included therein and in the following MD&A are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

FORWARD-LOOKING INFORMATION

This discussion contains "forward-looking statements" that involve risks and uncertainties. Such information, although considered to be reasonable by the Company's management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated in the statements made.

This MD&A may contain forward-looking statements that reflect the Company's current expectations and projections about its future results. When used in this MD&A, words such as "estimate", "intend", "expect", "anticipate" and similar expressions are intended to identify forward-looking statements, which, by their very nature, are not guarantees of the Company's future operational or financial performance, and are subject to risks and uncertainties and other factors that could cause the Company's actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward-looking statements.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this MD&A or as of the date otherwise specifically indicated herein.

Due to risks and uncertainties, including the risks and uncertainties identified above and elsewhere in this MD&A, actual events may differ materially from current expectations. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

COMPANY OVERVIEW

The Company was incorporated under the Business Corporations Act (British Columbia) on July 1, 2017. The Company is engaged in the business of mineral exploration and its objective is to locate and develop mineral properties in Western United States.

The Company's head office, principal address, registered address and records office is Suite 910 - 510 Burrard Street, Vancouver, B.C., V6C 3A8, Canada.

The Company has two wholly-owned subsidiaries, American Pacific Mining (US) Inc. ("APM US") and Broadway Gold Corp. ("Broadway"). APM US was incorporated in Nevada, United States pursuant to Chapter 78 of the Nevada Revised Statutes on January 13, 2018. Broadway became a wholly-owned subsidiary on June 26, 2020.

COVID-19

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn.

The Company could be adversely impacted by the effects of the coronavirus. The extent to which the coronavirus impacts the Company, including its operations and the market for its securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the outbreak and the actions taken to contain or treat the coronavirus outbreak. The continued spread of the coronavirus globally could materially and adversely impact the Company's operations including, workforce productivity, increased insurance premiums, limitations on travel, the availability of industry experts and personnel, and restrictions to its drill programs, exploration and other metallurgical testing. To date, the Company has not had any adverse effects from the coronavirus.

DESCRIPTION OF BUSINESS

Tuscarora property (Nevada, US)

On November 6, 2017, the Company entered into an option agreement (the "Tuscarora Option Agreement") with Novo Resources Corp. The Tuscarora Option Agreement was amended on December 18, 2019 (the "Amended Tuscarora Option Agreement"). Pursuant to the Tuscarora Option Agreement, Novo Resources Corp. will grant the Company the exclusive right and option to acquire a 100% right, title, and interest in and to the Tuscarora Property (the "Tuscarora Option").

Pursuant to the Amended Tuscarora Option Agreement, to earn the Tuscarora Option, the Company will:

a) make $400,000 cash payments to Novo Resources Corp. as follows:

    i. $125,000 due January 31, 2018 (paid);
    ii. $125,000 due January 31, 2019 (paid); and
    iii. $150,000 due on January 31, 2021 (paid by AmmPower Corp.);

b) issue 266,667 common shares of the Company to Novo Resources Corp. in three equal instalments, with one-third issued on each of the listing date (issued) and the first (88,889 shares issued with a fair value of $58,666 during the year ended December 31, 2019) and second anniversaries of the listing date (88,889 shares issued with a fair value of $12,000 on March 4, 2020); and

c) incur US$100,000 in expenditures on the property annually, starting on the twelve-month period commencing March 8, 2019 and per each successive twelve-month period thereafter.

The property is subject to net smelter returns royalties of 0.5% which may be reduced to nil (0%) by paying US$500,000.

In addition, the Company is also required to make the following payments to the Ely Gold Royalties ("Ely Gold"), the owner of the Tuscarora property:

a) Annual minimum royalty payments

On or before:	**$**	
November 7, 2018	4,000	Paid
November 7, 2019	4,000	Paid
November 7, 2020[1]	4,000	Paid
November 7, 2021	8,000	
November 7, 2022	8,000	
November 7, 2023	8,000	

November 7, 2024	8,000
November 7, 2025	8,000
November 7, 2026 and each succeeding anniversary	12,000

(1) Paid by AmmPower Corp.

b) Production royalty based on the net smelter returns from the production and sale of minerals from the Tuscarora property. The royalty percentage rate for precious metals is based on the average daily price per troy ounce of gold during the period of production of minerals from the Tuscarora property for which the royalty is payable as follows:

- less than or equal to $1,500 Two percent (2%)
- greater than $1,500 but less than or equal to $2,000 Three percent (3%)
- greater than $2,000 Four percent (4%)

The royalty percentage will apply for all other minerals is 2.5% of the net smelter returns.

On March 19, 2018, the Company expanded the Tuscarora Gold Project through the additional staking of 67 claims in Elko County, Nevada.

On February 3, 2021, the Company announced that the Company now owns 100% of the Tuscarora Gold Project following the final payment to Novo Resources Corp.

Earn-in Agreement with Elko Sun Mining Corp. ("Elko Sun")

On August 4, 2020, the Company entered into an earn-in agreement with Elko Sun, a private company in British Columbia, Canada.

On November 4, 2020, Elko Sun entered into an option agreement (the "AmmPower Agreement") with AmmPower Corp. ("AmmPower"). Pursuant to the option agreement, AmmPower will issue 2,000,000 shares of AmmPower (the "AmmPower Shares") to the Company. The AmmPower Shares will be subject to escrow and released in equal increments in six months, nine months and twelve months from the date of issuance. On November 6, 2020, the Company received two million AmmPower Shares with a fair value of $920,000.

According to the AmmPower Agreement, AmmPower can earn up to a 51% interest in the Tuscarora Gold Project by making cash payments to or on behalf of the Company in the aggregate amount of $200,000, of which $50,000 should be made within 4 months from date of the Elko Sun Agreement (paid subsequent to December 31, 2020), making share payments to the Company (issued), and funding exploration expenditures of $1.35 million towards the Tuscarora Gold Project within 24 months from the date of the Elko Sun Agreement ("AmmPower Phase 1").

Subject to the completion of AmmPower Phase 1, AmmPower will have four years from the date of the Elko Sun Agreement (the "AmmPower Option Period") to exercise an option to earn an additional 14% interest by making additional share payments to the Company and further funding the exploration expenditures of $3 million towards the Tuscarora Gold Project ("AmmPower Phase 2").

Subject to its completion of AmmPower Phase 2, AmmPower may exercise an option to earn a final 15% interest (for total interest of 80%) by completing a pre-feasibility study on the Tuscarora Gold Project before the end of the AmmPower Option Period ("AmmPower Phase 3").

In addition, AmmPower will also be responsible for making the payments to the Tuscarora property holders and paying the claim fees.

AmmPower will be the operator of the Tuscarora project and, upon earning-in an interest, a joint venture management committee will be formed.

On March 23, 2021, the Company entered into an agreement with Elko Sun and AmmPower to terminate the Elko Sun Agreement and AmmPower Agreement. In addition, AmmPower bought back the AmmPower Shares from the Company for $100,000; as a result, the Company recognized a loss of change in fair value of $820,000 in the statement of loss and comprehensive loss.

As at March 31, 2021, the Company does not hold any common shares of AmmPower (December 31, 2020 – 2,000,000 common shares with fair value of $920,000).

Gooseberry Gold Project (Nevada, US)

On April 23, 2019, the Company acquired through staking the historic Gooseberry Mine in Storey Nevada, USA. The Gooseberry Gold project includes 42 unpatented claims, totaling approximately 708 acres. The Gooseberry Gold Project contains gold-silver bearing quartz-calcite vein structures that are characterized as low-sulfidation epithermal style mineralization typified by banded to cockade quartz textures and the presence of adularia and kaolinite.

Initial surface sampling and exploration around the property commenced May 10, 2019. Total of nine initial samples were taken from the dumps and old mineralized stockpiles at Gooseberry, with highlight results including the following:

- Sample GB19ECS-007- 1.05 kg: 18.45 g/t Au and 595 g/t Ag
- Sample GB19ECS-003- 0.59 kg: 17.75 g/t Au and 310 g/t Ag
- Sample GB19ECS-001- 1.25 kg: 10.25 g/t Au and 218 g/t Ag
- Sample GB19ECS-006- 0.70 kg: 10.20 g/t Au and 273 g/t Ag

Samples were taken from mineralized vein material composed of dolomite, calcite and quartz. Grab samples are selective samples and may not necessarily be representative of the mineralization hosted on the property.

Historically, mined materials were brought to the surface and stockpiled at Gooseberry, crushed and then run through a heap leach. These nine samples were taken from materials most likely extracted late in the mining phase due to their location on the upper stockpile. Some materials have gone through a primary crushing process only. According to historical records Asamera Minerals Inc. ceased hard rock mining during 1989 due to low metals prices and higher underground production costs and moved to re-process the more easily accessible mine tailings.

On October 21, 2019, the Company located approximately ten boxes of Gooseberry Mine data from a previous mine owner, Asamera Minerals Inc. With the assistance of the Nevada Bureau of Mines and Geology, data that includes historical assays information, surface grid maps, drill hole location maps, some drill hole information and detailed underground stope maps were located within The Great Basin Science Sample and Records Library. The data was then processed and reviewed by the GIS team in order to begin initial internal modelling of the property.

On February 13, 2020, the Company announced that it had created a 3D model for the high-grade project. Historical underground sampling data from the project was put into 3-dimensional space for the first time. The leapfrog model shows a clearly defined, nearly vertical vein structure with very prospective grades of gold and silver displayed in gold equivalent, to approximately 1,450 feet in length. For complete details on the 3D model refer to the News Release dated February 13, 2020.

On January 25, 2021, the Company announced that a 12-hole diamond drill program is planned for early Q2, 2021.

Earn-in Agreement with GRAC Global Resource Acquisition Corp. ("GRAC")

On November 4, 2020, the Company entered into an earn-in agreement with GRAC (the "GRAC Agreement"), a private company in British Columbia, Canada.

According to the GRAC Agreement, GRAC can earn up to a 51% interest in the Gooseberry Gold Project within 24 months from the date of the GRAC Agreement ("GRAC Phase 1") by:

- making a non-refundable cash payment to the Company of $50,000 within the four months after date of the GRAC Agreement (received subsequent to March 31, 2021);
- issuing 2,000,000 shares to the Company on or before the earlier of:
  - 2 months from the date GRAC completes a transaction to list on the Canadian Securities Exchange or any other recognized stock exchange;
  - 24 months from the date of the GRAC Agreement; and
- funding exploration expenditures of $1.5 million towards the Gooseberry Gold Project within 24 months from the date of the GRAC Agreement.

Subject to the completion of GRAC Phase 1, GRAC will have four years from the date of the GRAC Agreement (the "GRAC Option Period") to exercise an option to earn an additional 14% interest by making additional one million share payments to the Company and further funding the exploration expenditures of $3 million towards the Gooseberry Gold Project ("GRAC Phase 2").

Subject to its completion of GRAC Phase 2, GRAC may exercise an option to earn a final 15% interest (for total interest of 80%) by completing a feasibility study on the Gooseberry Gold Project before the end of the GRAC Option Period ("GRAC Phase 3").

In addition, GRAC will also be responsible for making the payments to the Gooseberry Gold Project holders and paying the claim fees.

GRAC will be the operator of the Gooseberry Gold Project and, upon earning-in an interest, a joint venture management committee will be formed.

Subsequent to March 31, 2021, the Company entered into an agreement with GRAC to terminate the GRAC Agreement.

Madison Copper Gold Project (Montana, US)

On June 26, 2020, the Company acquired the fully permitted Madison Copper Gold Project ("Madison Project") near Silver Star, Montana. The Madison Project is located in the heart of Montana's prolific copper-gold belt only 38km southeast of the world-renowned Butte Mining District. The Project consists of 136 unpatented and 6 patented claims (2,514 acres), accessed via improved dirt roads. The Madison Project is currently under an earn-in, joint venture agreement signed by Broadway on April 30, 2019, whereby Kennecott Exploration Company ("Kennecott"), part of the Rio Tinto Group (ASX, LON: RIO) must spend US$30 million to earn up to 70% of the project.

Under the terms of the earn-in agreement, Kennecott has an option to acquire a 55% undivided interest (the "First Option") in the property by incurring exploration and related expenditures of US$5 million[1] within the first five years, including a minimum exploration budget of US$1 million in the first year.

If Kennecott exercises the First Option, it may elect to earn an additional 10% undivided interest (the "Second Option"), for a total undivided interest of 65%, by incurring additional expenditures of US$10 million[1] within the following three years.

If Kennecott exercises the Second Option, it may elect to earn an additional 5% undivided interest (the "Third Option"), for a total of 70%, by incurring additional expenditures of US$15 million[1] within the subsequent three-year period. Kennecott may elect to create the joint venture after exercising each option to earn in.

In addition, in order to exercise the First Option, Kennecott is required to make the following cash payment to Broadway in an amount of US$225,000 over the first five years:

- $50,000 on April 30, 2019 (paid);
- $25,000 on or before April 30, 2020 (paid);
- $25,000 on or before April 30, 2021 (paid);
- $25,000 on or before April 30, 2022;
- $25,000 on or before April 30, 2023; and
- $75,000 on or before April 30, 2024.

On May 17, 2021, the Company entered into an amendment agreement (the "First Amendment Agreement") with Kennecott. Under the First Amendment Agreement, the payment, including the annual pre-production payment of US$50,000 due on April 1 of each year until the commercial production is commenced, made directly or indirectly by Kennecott to keep the Madison Project in good standing is considered as the Option Expenditures.

Pursuant to the earn-in agreement:

- Kennecott may request Broadway to conduct exploration on its behalf during the first year in return for a 10% administration charge.

- Broadway has the right to conduct independent drilling and exploration of the skarn zones during the first year.

- Broadway has a right of first offer to acquire Kennecott's interest in the property in the event Kennecott wishes to divest its interest.

- The joint venture may be formed with 55% to Kennecott and 45% to Broadway upon the satisfaction of the first earn-in, 65% to Kennecott and 35% to Broadway upon the satisfaction of the second earn-in, or 70% to Kennecott and 30% to Broadway upon the satisfaction of the third earn-in.

- The joint venture will be managed by the Rio Tinto Group and financed by each participant in accordance with its interest.

[1] Collectively the "Option Expenditures"

- Broadway may elect to not finance its interest and be diluted down to a 10% interest. If Broadway is diluted below 10% interest, its interest will convert to a 2% net smelter royalty with a maximum amount payable of US$50 million.

The initial exploration program applications have been submitted to the Bureau of Land Management, Montana.

On July 29, 2020, the Company announced the commencement of the 2020 drilling program. The 2020 drill program will target over one kilometer of strike length of the Madison mineralization and will drill test areas south of the Madison Mine in the vicinity of the historic Broadway and Hudson mines.

On November 2, 2020, the Company announced that it has received the assay for the first drill hole of the 2020 diamond drilling exploration program at Madison. Kennecott has an additional 8 holes presently at ALS laboratories for assay. For a 3D model showing first hole, refer to the News Release dated November 2, 2020.

On January 19, 2021, the Company announced that it has received assays for two additional drill holes of the 2020 diamond drilling exploration program at Madison.

On March 16, 2021, the Company announced the planned 2021 exploration program at Madison which is expected to include diamond drilling, reverse circular drilling, road construction, extensive rock-chip and soil sampling and a MAG survey.

South Lida claims (Nevada, US)

On July 1, 2017, the Company entered into a Claims Purchase Agreement (the "SL Claims Purchase Agreement") with David Saderholm (the "Trustee"), Eric Saderholm, Patricia Saderholm, Warwick Smith and Tarin Smith (collectively, the "Vendors") whereby the Vendors agreed to sell the South Lida Property in exchange for shares in the Company.

Under the SL Claim Purchase Agreement, the Company will issue to the Vendors a total of 1,000,000 common shares (the "Property Shares") as follows:

a) 166,667 Property Shares on July 1, 2017 (issued);
b) 166,667 Property Shares on the listing date (issued);
c) 333,333 Property Shares on the earlier of (i) six months after the listing date and (ii) the date the Property is sold or otherwise transferred as part of a transaction for value approved by the Board of the Purchaser (issued); and
d) 333,333 Property Shares on the earlier of (i) the one-year anniversary after the listing date and (ii) the date the Property is sold or otherwise transferred as part of a transaction for value approved by the Board of the Purchaser (issued during fiscal 2019 at a fair value of $220,000).

The acquisition of the South Lida property is a related party transaction as two of the Vendors are officers and directors of the Company.

CHANGE IN MANAGEMENT

On March 12, 2021, the Company announced the resignation of Norman Wareham and the appointment of Alnesh Mohan as CFO and Corporate Secretary of the Company.

RESULTS OF OPERATIONS

Three months ended March 31, 2021

During the three months ended March 31, 2021, the Company recorded net loss of $1,110,219 compared to a net loss of $500,591 for the three months ended March 31, 2020.

During the three months ended March 31, 2021, the Company incurred the following significant expenditures:

- Consulting fees of $88,036 (March 31, 2020 – $160,989);
- Exploration and evaluation costs of $67,472 (March 31, 2020 – $79,642);
- General and administrative costs of $21,022 (March 31, 2020 – $23,353);
- Professional fees of $59,392 (March 31, 2020 – $54,284);
- Project evaluation costs of $19,670 (March 31, 2020 – $nil);
- Shareholder information and investor relations of $66,143 (March 31, 2020 – $146,016); and
- Transfer agent, regulatory and listing fees of $15,549 (March 31, 2020 – $19,929).

In addition, during the three months ended March 31, 2021, AmmPower bought back the AmmPower Shares from the Company for $100,000; as a result, the Company recognized a loss of change in fair value of $820,000 in the statement of loss and comprehensive loss.

SUMMARY OF QUARTERLY INFORMATION

The quarterly results for the last eight quarters are summarized below:

	Three months ended			
	March 31, 2021	**December 31, 2020**	**September 30, 2020**	**June 30, 2020**
	$	**$**	**$**	**$**
Interest income	4,368	6,729	7,962	797
Net loss	(1,110,219)	173,484	(1,275,956)	(982,310)
Comprehensive loss	(1,170,817)	(84,964)	(1,356,147)	(983,014)
Basic and diluted loss per share	(0.02)	(0.00)	(0.01)	(0.03)

	Three months ended			
	March 31, 2020	**December 31, 2019**	**September 30, 2019**	**June 30, 2019**
	$	**$**	**$**	**$**
Interest income	-	-	1,279	3,046
Net loss	(500,591)	(780,105)	(672,437)	(652,094)
Comprehensive loss	(500,591)	(776,621)	(672,430)	(652,100)
Basic and diluted loss per share	(0.02)	(0.05)	(0.03)	(0.03)

SELECTED INFORMATION

	For the three months ended		
	March 31, 2021	March 31, 2020	March 31, 2019
	$	$	$
Operating expenses	348,118	499,892	(408,687)
Net loss for the period	(1,110,219)	(500,591)	(408,543)
Comprehensive loss for the period	(1,170,817)	(500,591)	(410,529)
Basic and diluted loss per share:			
- net loss	(0.02)	(0.02)	(0.03)

As at	March 31, 2021	December 31, 2020	December 31, 2019
	$	$	$
Working capital	1,236,856	2,315,703	763,321
Total assets	10,728,370	11,863,256	2,239,493
Total liabilities	183,474	149,298	160,439
Share capital	17,990,492	17,986,766	7,871,934
Deficit	(10,302,061)	(9,191,842)	(6,606,469)

LIQUIDITY AND CAPITAL RESOURCES

The Company's activities have been funded through equity financings and the Company expects it will continue to be able to utilize this source of financing until it develops cash flow from future operations.

There can be no assurances the Company will be successful in its endeavors. If such funds are not available or other sources of finance cannot be obtained then the Company will be forced to curtail its activities to a level for which funding is available or can be obtained.

As of March 31, 2021, the Company has working capital of $1,236,856.

OUTSTANDING SHARE DATA

At March 31, 2021, the Company had 65,496,644 common shares issued and outstanding (December 31, 2020 – 65,489,625) with a value of $17,990,492 (December 31, 2020 – $17,986,766).

Escrow shares

During the year ended December 31, 2018, the Company entered into an escrow agreement, whereby common shares will be held in escrow and are scheduled for release at 10% on the listing date and 15% on every six months from date of listing. During the three months ended March 31, 2021, 87,500 common shares were released from escrow (March 31, 2020 – 87,500). At March 31, 2021, there were no common shares held in escrow (December 31, 2020 – 87,500).

During the three months ended March 31, 2021:

- 7,019 warrants were exercised for proceeds of $1,755. In addition, the Company reclassified the grant date fair value of the exercised warrants of $1,971 from warrants reserve to share capital.

- 2,433,655 warrants expired unexercised.

Subsequent to ended March 31, 2021:

- On May 25, 2021, the Company entered into an agreement for a private placement (the "Proposed Private Placement") with a strategic investor, Michael Gentile, CFA. Pursuant to the Proposed Private Placement, the Company will issue up to 8,181,964 units at $0.125 per unit to Michael Gentile for gross proceeds up to $1,022,746. Each unit consists of one common share and one warrant (the "Proposed Private Placement Warrants"), which entitles the holder to purchase one common share of the Company at $0.16 for a period of two years. On closing the Proposed Private Placement (the "Closing Date"), Michael Gentile may own up to 19.99% of the Company assuming all of the Proposed Private Placement Warrants are exercised by the Closing Date and no other common shares of the Company are issued.

- 4,325,000 warrants were exercised.

As of the date of this MDA, the Company had:

- 69,821,644 common shares issued and outstanding;
- 25,383,427 warrants with an exercise price ranging from $0.20 to $0.25; and
- 2,850,000 stock options with an exercise price ranging from $0.325 to $0.49.

RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

The following table discloses the total compensation incurred to the Company's key management personnel during the three months ended March 31, 2021 and 2020:

		For the three months ended	
		March 31, 2021	**March 31, 2020**
	Footnote	**$**	**$**
Warwick Smith, CEO and Director			
Consulting fees	(1)	54,750	40,020
Eric Saderholm, President and Director			
Consulting fees		10,786	13,449
Exploration and evaluation costs		42,810	44,292
		53,596	57,741
Alnesh Mohan, CFO and Corporate Secretary			
Professional fees	(2)	10,400	-
Norman Wareham, Director, Former CFO and Corporate Secretary			
Consulting fees	(3)	22,500	22,500
Ken Cunningham, Director			
Directors' fees		3,776	4,231
Joness Lang, Director			
Directors' fees		3,674	4,230
Total		**148,696**	**128,722**

(1) Paid to Harbourside Consulting Ltd. which is controlled by Mr. Smith.
(2) Paid to Quantum Advisory Partners LLP, an accounting firm in which Mr. Mohan is an incorporated partner.
(3) Paid to Inlet Consulting Ltd. which is controlled by Mr. Wareham.

As at March 31, 2021, the balances due to the Company's directors and officers included in accounts payables and accrued liabilities were $49,567 (December 31, 2020 – $33,548). These amounts are unsecured, non-interest bearing and payable on demand.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

CRITICAL ACCOUNTING ESTIMATES

These financial statements, including comparatives, have been prepared using accounting policies consistent with IFRS issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these Financial Statements have been prepared using the accrual basis of accounting except for cash flow information. Refer to Note 2 of the audited financial statements for the year ended December 31, 2020 for details on critical accounting estimates and judgments.

CHANGES IN ACCOUNTING POLICIES

Adoption of new and amended accounting standards

There were no new or amended IFRS pronouncements effective January 1, 2021 that impacted the Company's unaudited condensed consolidated interim financial statements for the three months ended March 31, 2021.

FINANCIAL INSTRUMENTS

In the normal course of business, the Company is inherently exposed to certain financial risks, including market risk, credit risk and liquidity risk, through the use of financial instruments. The timeframe and manner in which the Company manages these risks varies based upon management's assessment of the risk and available alternatives for mitigating risk. The Company does not acquire or issue derivative financial instruments for trading or speculative purposes. All transactions undertaken are to support the Company's operations. These financial risks and the Company's exposure to these risks are provided in various tables in note 12 of our unaudited condensed consolidated interim financial statements for the three months ended March 31, 2021. For a discussion on the significant assumptions made in determining the fair value of financial instruments, refer also to note 2 of the financial statements for the year ended December 31, 2020.

OTHER MD&A REQUIREMENTS

Management's responsibility for financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Risks and uncertainties

Investment in the common shares must be regarded as highly speculative due to the nature of the Company's business and its present stage of operations.

- **General**
  The Company is in the business of exploring and, if warranted, developing mineral properties, which is a highly speculative endeavor. A purchase of any of the securities of the Company involves a high degree of risk and should be undertaken only by purchasers whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the securities of the Company should not constitute a significant portion of an individual's investment portfolio and should only be made by persons who can afford a total loss of their investment. Prospective purchasers should evaluate carefully the following risk factors associated with an investment in the Company's securities prior to purchasing any of its securities.

- **Limited Operating History**
  The Company has no history of earnings. There are no known commercial quantities of mineral reserves on any properties optioned by the Company. The purpose of the Private Placement was to raise funds to carry out exploration and, if thought appropriate, development with the objective of establishing economic quantities of mineral reserves. There is no guarantee that economic quantities of mineral reserves will be discovered on any properties optioned by the Company in the near future or at all. If the Company does not generate revenue, it may be unable to sustain its operations in which case it may become insolvent and you may lose your investment.

- **Speculative Nature of Mineral Exploration**
  Resource exploration is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection, the combination of which factors may result in the Company not receiving an adequate return of investment capital. There is no assurance that the Company's mineral exploration activities will result in any discoveries of commercial bodies of ore. The long-term profitability of the Company's operations will in part be directly related to the costs and success of its exploration programs, which may be affected by a number of factors. Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

- **Acquisition of Additional Mineral Properties**
  If the Company loses or abandons its option to acquire an interest in the Tuscarora Property there is no assurance that it will be able to acquire another mineral property of merit or that such an acquisition would be approved by the Exchange. There is also no guarantee that the Exchange will approve the acquisition of any additional properties by the Company, whether by way of option or otherwise, should the Company wish to acquire any additional properties.

- **Gold Deposits**
  The Tuscarora Property and Gooseberry Gold Projects are in the exploration stage only and are without a known economic mineralization. Development of these properties would follow only if favourable exploration results are obtained. The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines.

- **Uninsurable Risks**
  In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and the Company may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Company.

- **Permits and Government Regulations**
  The future operations of the Company may require permits from various federal, provincial and local governmental authorities and will be governed by laws and regulations governing prospecting, development, mining, production, export, taxes, labour standards, occupational health, waste disposal, land use, environmental protections, mine safety and other matters. There can be no guarantee that the Company will be able to obtain all necessary permits and approvals that may be required to undertake exploration activity or commence construction or operation of mine facilities on the Tuscarora Property.

- **Environmental and Safety Regulations and Risks**
  Environmental laws and regulations may affect the operations of the Company. These laws and regulations set various standards regulating certain aspects of health and environmental quality. They provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted. The permission to operate can be withdrawn temporarily where there is evidence of serious breaches of health and safety standards, or even permanently in the case of extreme breaches. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of acquired properties or noncompliance with environmental laws or regulations. In all major developments, the Company generally relies on recognized designers and development contractors from which the Company will, in the first instance, seek indemnities. The Company intends to minimize risks by taking steps to ensure compliance with environmental, health and safety laws and regulations and operating to applicable environmental standards. There is a risk that environmental laws and regulations may become more onerous, making the Company's operations more expensive.

- **Key Person Insurance**
  The Company does not maintain key person insurance on any of its directors or officers, and as result the Company would bear the full loss and expense of hiring and replacing any director or officer in the event the loss of any such persons by their resignation, retirement, incapacity, or death, as well as any loss of business opportunity or other costs suffered by the Company from such loss of any director or officer.

- **Mineral Titles**
  The Company is satisfied that evidence of title to the Tuscarora Property and the Gooseberry Gold Project is adequate and acceptable by prevailing industry standards with respect to the current stage of exploration on the Tuscarora Property. The Company may face challenges to the title of the Tuscarora Property or subsequent properties it may acquire, which may prove to be costly to defend or could impair the advancement of the Company's business plan.

- **Loss of Interest in Properties**
  The Company's ability to maintain an interest in the properties optioned or owned by the Company will be dependent on its ability to raise additional funds by equity financing.

Failure to obtain additional financing may result in the Company being unable to complete the required work required to keep the property interests in good standing and could result in the delay or postponement of further exploration and or the partial or total loss of the Company's interest in the Tuscarora Property.

- **Fluctuating Mineral Prices**
  The Company's revenues in the future, if any, are expected to be in large part derived from the extraction and sale of precious and base minerals and metals, which in turn depend on the results of the Company's exploration on these properties and whether development will be commercially viable or even possible. Factors beyond the control of the Company may affect the marketability of metals discovered, if any. Metal prices have fluctuated widely, particularly in recent years. Consequently, the economic viability of any of the Company's exploration projects cannot be accurately predicted and may be adversely affected by fluctuations in mineral prices.

- **Competition**
  The mining industry is intensely competitive in all its phases. The Company competes for the acquisition of mineral properties, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees with many companies possessing greater financial resources and technical facilities than the Company. The competition in the mineral exploration and development business could have an adverse effect on the Company's ability to hire or maintain experienced and expert personnel or acquire suitable properties or prospects for mineral exploration in the future.

- **Management**
  The success of the Company is currently largely dependent on the performance of its directors and officers. The loss of the services of any of these persons could have a materially adverse effect on the Company's business and prospects. There is no assurance the Company can maintain the services of its directors, officers or other qualified personnel required to operate its business.

- **Financing Risks**
  The Company has no history of significant earnings and, due to the nature of its business, there can be no assurance that the Company will be profitable. The Company has paid no dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. The only present source of funds available to the Company is through the sale of its securities. Even if the results of exploration are encouraging, the Company may not have sufficient funds to conduct the further exploration that may be necessary to determine whether or not a commercially mineable deposit exists on the properties owned by the Company. While the Company may generate additional working capital through further equity offerings or through the sale or possible syndication of the property owned by the Company, there is no assurance that any such funds will be available. If available, future equity financing may result in substantial dilution to purchasers under the Offering. At present it is impossible to determine what amounts of additional funds, if any, may be required.

- **Negative Cash Flows from Operations**
  The Company had negative operating cash flow for the period from incorporation to March 31, 2021. To the extent that the Company has negative cash flow in future periods, the Company may need to allocate a portion of its cash reserves to fund such negative cash flow.

  The Company may also be required to raise additional funds through the issuance of equity or debt securities. There can be no assurance that additional capital or other types of financing will be available when needed or that these financings will be on terms favourable to the Company.

- **Resale of Common Shares**
  The continued operation of the Company will be dependent upon its ability to generate operating revenues and to procure additional financing. There can be no assurance that any such revenues can be generated or that

other financing can be obtained. If the Company is unable to generate such revenues or obtain such additional financing, any investment in the Company may be lost. In such event, the probability of resale of the Common Shares purchased would be diminished.

- **Price Volatility of Publicly Traded Securities**
  In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings. The value of Common Shares distributed hereunder will be affected by such volatility. There is no public market for the Common Shares. An active public market for the Common Shares might not develop or be sustained after the Offering. The initial public offering price of the Common Shares has been determined by the Company and this price will not necessarily reflect the prevailing market price of the Common Shares following the Offering. If an active public market for the Common Shares does not develop, the liquidity of a shareholder's investment may be limited and the share price may decline below the initial public offering price.

- **Conflicts of Interest**
  Some of the directors and officers are engaged and will continue to be engaged in the search for additional business opportunities on behalf of other corporations, and situations may arise where these directors and officers will be in direct competition with the Company. Conflicts, if any, will be dealt with in accordance with the relevant provisions of the British Columbia Business Corporations Act. Some of the directors and officers of the Company are or may become directors or officers of other companies engaged in other business ventures. In order to avoid the possible conflict of interest which may arise between the directors' duties to the Company and their duties to the other companies on whose boards they serve, the directors and officers of the Company have agreed to the following:

  - Participation in other business ventures offered to the directors will be allocated between the various companies and on the basis of prudent business judgment and the relative financial abilities and needs of the companies to participate;
  - No commissions or other extraordinary consideration will be paid to such directors and officers; and business opportunities formulated by or through other companies in which the directors and officers are involved will not be offered to the Company except on the same or better terms than the basis on which they are offered to third party participants.

- **Tax Issues**
  Income tax consequences in relation to the Common Shares will vary according to circumstances of each investor. Investors should seek independent advice from their own tax and legal advisers prior to investing in Common Shares of the Company.

- **Dividends**
  The Company does not anticipate paying any dividends on its Common Shares in the foreseeable future.

- **Risk of global outbreaks and contagious diseases**
  The risk of global outbreaks, including COVID-19, have the potential to significantly and adversely impact the Company's operations and business. On March 11, 2020, the World Health Organization recognized COVID-19 as a global pandemic. The Company is continuously evaluating the uncertainty and impact of the outbreak on the Company and its ability to operate due to employee absences, the length of travel and quarantine restrictions imposed by governments of affected countries, disruption in the Company's supply chains, information

technology constraints, government interventions, market volatility, overall economic uncertainty and other factors currently unknown and not anticipated.

There can be no certainty that COVID-19, or other infectious illness, and the restrictive measures implemented to slow the spread of the virus will not materially impact the Company's operations or personnel in the coming weeks and months. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business, results of operations or ability to raise funds at this time.