

# **Nine Mile Metals Ltd.**

(formerly Stevens Gold Nevada Inc.)

## **Management's Discussion and Analysis**

**Three Months Ended December 31, 2021**

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## **Nine Mile Metals Ltd.**

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*The following is management's discussion and analysis ("MD&A") of Nine Mile Metals Ltd. (formerly Stevens Gold Nevada Inc.) and its subsidiary (together, "Nine Mile" or the "Company"), prepared as of February 28, 2022. This MD&A is intended to assist the reader to assess material changes in the financial condition and results of operations of Nine Mile as of December 31, 2021 and for the period then ended. This MD&A should be read together with the unaudited condensed interim financial statements for the three months ended December 31, 2021 and the audited consolidated financial statements for the year ended September 30, 2021 and related notes. Financial amounts are expressed in Canadian dollars unless otherwise indicated.*

*This MD&A contains "forward-looking information" which may include, but is not limited to, statements with respect to the future financial or operating performance of the Company. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "likely", "might" or "will" be taken, occur or be achieved.*

*To the extent that such statements are not recitations of historical fact, such statements constitute forward-looking statements which, by definition involve risks and uncertainties. Where in any forward-looking information, the Company expresses an expectation or belief as to future results or events, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the statement of expectation or belief will result or be achieved or accomplished.*

*Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, the Company cannot guarantee future results, levels of activity, performance or achievements. Except as required by applicable law, the Company does not intend to update any of the forward-looking statements to conform these statements to actual results.*

*The Company's unaudited condensed consolidated interim financial statements for the three months ended December 31, 2021 have been prepared in accordance with IAS 34 – Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee.*

## **Overview**

The Company was incorporated under the *Business Corporations Act* in British Columbia on June 8, 2018 as 1167609 B.C. Ltd. On November 19, 2018, the Company changed its name to Stevens Gold Nevada Inc. In February 2020, the Company's common shares began trading on the Canadian Securities Exchange ("CSE") under the trading symbol "SG". In April 2021, the Company completed an amalgamation, whereby the Company and its wholly-owned subsidiaries Lynx Gold Mining Corp. ("Lynx") and Lynx Gold Corp. were amalgamated as one company under the name Stevens Gold Nevada Inc. The Company has one wholly-owned subsidiary: Lynx Gold Exploration Corp. (a Nevada corporation).

On January 18, 2022, the Company changed its name to Nine Mile Metals Ltd. and commenced trading on the CSE under the symbol "NINE". The Company changed its name to reflect its focus on its mining projects in New Brunswick, Canada, one of which is known as "Nine Mile Brook". The Company's shares are also listed or quoted on the OTCQB Venture Market under the trading symbol "STVGF" and the Frankfurt Stock Exchange (the "FSE") under the symbol "KQ9".

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The principal business of the Company is to acquire, explore, and develop mineral properties and ultimately seek earnings by exploiting mineral claims. The Company is currently focused on its mineral projects in New Brunswick and continues to evaluate and review potential resource properties and other business opportunities as possible options or joint ventures. The Company's registered and head office is located at 350 – 1650 West 2nd Ave, Vancouver, BC, V6J 1H4.

The disclosure of technical information regarding the Company's properties contained in this MD&A has been prepared in accordance with Canadian regulatory requirements as set out in National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") and reviewed and approved by Gary Lohman, B.Sc., P. Geo. who acts as the Company's Qualified Person and as the COO of Fiddlehead Mining Corp., is not independent of the Company.

### **Covid-19**

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. The COVID-19 pandemic has impacted and could further impact the Company's operations and the operations of the Company's suppliers and vendors resulting from quarantines, facility closures, and travel and logistics restrictions. The extent to which the COVID-19 pandemic impacts the Company's business, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to the duration, spread, severity, and impact of the COVID-19 pandemic, the effects of the COVID-19 pandemic on the Company's suppliers and vendors and the remedial actions and stimulus measures adopted by local and federal governments, and to what extent normal economic and operating conditions can resume. Even after the COVID-19 pandemic has subsided, the Company may experience adverse impacts to its business related to economic recession or depression that has occurred or may occur in the future. At the date of this MD&A, the impact on the Company has not been significant, but management continues to monitor the situation.

### **Corporate Developments**

- In February 2022, the Company appointed Mr. Jean Luc Roy to its board of directors and Mr. John Mirko resigned as a director of the Company.
- In January 2022, the Company changed its name to Nine Mile Metals Ltd. to reflect its focus on the Properties, as defined below, in New Brunswick, Canada.
- In January 2022, the Company appointed Patrick Cruickshank to its board of directors.
- In January 2022, the Company, pursuant to a purchase and sale agreement with Fiddlehead Mining Corporation ("FMC"), acquired 100% of the mineral claims know as Canoe Landing Lake West ("Canoe"), 50% of the mineral claims known as Nine Mile Brook ("Nine Mile Brook") and a mineral property option to acquire the remaining 50% of the Nine Mile Brook claims (the "Nine Mile Option") (the "Transaction"). Canoe and Nine Mile Brook (the "Properties") are located in eastern New Brunswick. See *Mineral Properties* below.
- In December 2021, the Company consolidated its common shares on a 2 old for 1 new basis. See *Share Capital* below.

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- In December 2021, the Company reported assay results and additional information from the project areas related to the proposed acquisition of FMC and certain mineral property interests.

### **Change of Name and New Directors**

On January 18, 2022, the Company changed its name to Nine Mile Metals Ltd. and commenced trading on the CSE under the symbol "NINE". The Company changed its name to reflect its focus on its mining projects in New Brunswick, Canada.

In connection with the acquisition of the Properties, the Company appointed Mr. Patrick J. Cruickshank to its board of directors, effective January 24, 2022. Mr. Cruickshank received his MBA from the Schulich School of Business at York University in 1989. Mr. Cruickshank brings over 20 years of experience from the Wealth Management Sector working for Merrill Lynch, Legg Mason, Citigroup Capital Markets, where he focused on creating and protecting wealth while specializing in funding growth companies. Mr. Cruickshank was an NFLPA Advisor from 2000 to 2012, until transitioning into Private Equity. Since 2012, Mr. Cruickshank has concentrated on acquiring, funding and growing companies in the Energy and Resource Sector. Mr. Cruickshank has been the current CEO of FMC since 2019 and serves as a director on a number of private companies. Mr. Cruickshank is also a former Canadian Olympic/U23 soccer player, US NCAA Division 1 Collegiate player and coach.

In February 2022, the Company appointed Mr. Jean Luc Roy to its board of directors. Mr. Roy is a mining executive with over 30 years of experience. He was President and CEO of El Nino Ventures Inc. where they were involved in the Bathurst Mining Camp in New Brunswick, Canada and the Democratic Republic of Congo ("DRC") in Africa. He worked and lived in Africa for over 25 years where he held the following positions: Chief Operating Officer for Ampella Mining Ltd., West African Manager for Centamin PLC, Country Manager for First Quantum Minerals Ltd. in the DRC, and Managing Director West Africa for Semafo Inc. in Burkina Faso. He is presently COO of Deep South Resources Inc. and director of Can Alaska Uranium Ltd. and Deep South Resources Inc. where he is also a member of the Audit and Compensation Committees. Mr. Roy holds a Bachelor of Commerce from Concordia University.

### **Acquisition of Lynx Gold Mining Corp.**

In November 2020, the Company acquired 100% of Lynx, which owns the right, title to and interest in an option to acquire a series of mineral exploration permits (the "Permits") from the Arizona State Land Department known as the Millennium Gold Project.

In November 2020, the Company completed a share purchase agreement with Lynx and Lynx shareholders (collectively, the "Vendors"), pursuant to which the Company acquired all the issued and outstanding common shares of Lynx from the Vendors for consideration of 7,372,399 common shares. Lynx had one subsidiary: Lynx Gold Corp., a BC corporation, which itself had a subsidiary, Lynx Gold Exploration Corp., a Nevada corporation. In connection with the acquisition, the Company was also required to issue 500,000 common shares as a finder's fee for the introduction of Lynx to the Millennium Gold Project.

Upon closing, Lynx had no securities convertible or exchangeable into other Lynx securities. The acquisition did not represent a change of business. There was no change of directors or officers of the Company required by the transaction. The acquisition of Lynx was at arm's length.

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### **Mineral Properties**

#### ***New Brunswick Properties***

In November 2021, the Company entered a mineral property purchase and sale agreement with FMC to acquire 100% of the rights, title and interest in Canoe, 50% of the rights, title and interest in Nine Mile Brook and an option to acquire the remaining 50% of the Nine Mile Option. The Properties are located in northeastern New Brunswick. The Properties are subject to 3% net smelter royalties. In January 2022, the Company completed the mineral property acquisitions and acquired the Properties from FMC.

Consideration for the mineral property assets was as follows:

- i. \$25,000; and,
- ii. 21,000,000 post-consolidation common shares of the Company.

Prior to completion of the Transaction, the Company completed a 2 for 1 consolidation of its common shares. The consideration shares are subject to a four month and a day hold period.

Approximately 18,000,000 of the consideration shares are also held under lock up agreements with the Company, causing the shares under lock up to be locked up and released as follows:

- i. 10% on the date that is four months following the Closing Date (the "First Release Date");
- ii. 15% on the date that is three months following the First Release Date;
- iii. 15% on the date that is six months following the First Release Date;
- iv. 15% on the date that is nine months following the First Release Date;
- v. 15% on the date that is 12 months following the First Release Date;
- vi. 15% on the date that is 15 months following the First Release Date;
- vii. the remainder on the date that is 18 months following the First Release Date.

The Company also agreed to the following in the purchase and sale agreement:

- Appoint Patrick Cruickshank, CEO of FMC, to its board of directors and engage Mr. Cruickshank as a consultant for a period of 24 months at a salary of at least \$6,000 per month.
- Engage a specified individual as a consultant for a period of 24 months at a salary of at least \$3,500 per month for PGeo services.
- Establish a Technical Advisory Committee and invite specified individuals to join.
- Reimburse FMC \$15,000 for the 43-101 Technical Report.

The Company also issued 630,000 common shares as a finder's fee upon completion of the Transaction.

#### ***Nine Mile Mineral Property Option***

The Company acquired the Nine Mile Option in the Transaction. This entitles the Company to obtain the remaining 50% ownership in Nine Mile Brook from FMC. To exercise the Nine Mile Option, the Company must pay to FMC an aggregate of \$3,000,000 prior to the fourth anniversary of the effective date and incur an aggregate of \$1,000,000 of expenditures on the property over three years, with at least \$500,000 of the

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expenditures being in the first 12 months of the Nine Mile Option and a minimum of \$150,000 per year spent on expenditures after the first 12 months of the Nine Mile Option.

The first payment toward the \$3,000,000 was a payment of \$25,000 on January 21, 2022 (the "effective date"). Subsequently, \$50,000 will be payable on each anniversary of the effective date of the Nine Mile Option. Despite the schedule noted above, the Company can exercise the Nine Mile Option at any time during the four-year term by paying FMC \$3,000,000, less the payments already made as long as the Company is not in breach of the Nine Mile Option at that time.

The Transaction does not represent a change of business. There will be one new director and no change of officers of the Company required by the Transaction. The Transaction is at arm's length.

### *Current Exploration*

In December 2021, the Company announced assay results and additional information from the project areas making up the proposed acquisition from FMC of certain mineral property interests in the Nine Mile Brook and Canoe areas (Figure 1).

The project areas cover approximately 26sq. kms in the province of New Brunswick, Canada, located in the east central portion of the BMC, one of Canada's most prolific base metal mining camps. Known for its volcanogenic massive sulphide (VMS) deposits, including the giant Brunswick #12 mine, the BMC is host to 45 deposits and close to 100 significant VMS occurrences including the Willett VMS Lens (Figure 2), which is partially exposed at Nine Mile Brook. The deposits are associated with felsic volcanism, represented on both properties by the California Lake Group, the rocks of which host 13 of the 45 known deposits including the producing Caribou Mine operated by Trevali Mining Corporation.

The Nine Mile Brook Project consists of 93 claim units (2,046 hectares) and covers the exposed Willett VMS Lens, a high-grade Cu, Pb, Zn massive sulphide lens located approximately 10.5 kilometers southwest of the Brunswick # 12 mine, a 335 MT orebody which produced for more than 50 years. The observed mineralization is well banded and massive in character, typical of the mineralization found in the BMC. Assays from select grab samples collected under the supervision of FMC from the Willett VMS Lens were submitted by FMC to Bureau Veritas Labs based in Timmins, Ontario, are shown in Tables 1 and 2.

The Canoe Landing Lake West Project is located approximately 8 kilometers west of Nine Mile Brook and consists of 24 claim units covering 528 hectares. The property also covers a large portion of the California Lake Group volcanics and lies proximal to 10 VMS / Ag occurrences including the 22.8 MT Canoe Landing Lake deposit, hosted in the California Lake Group, 2 kilometers southeast.

**Table 1: Group I Grab Sample Results\*, Nine Mile Brook**

Sample #	Cu	Pb	Zn	Au	Ag	Ag oz/t **calculated
	%	%	%	g/t	g/t	
<b>209M0300</b>	1.522	16.43	11.92	<b>2.31</b>	234	<b>7.52</b>
<b>209M0301</b>	0.657	12.29	> <b>20.00*</b>	<b>2.28</b>	288	<b>9.26</b>
<b>209M0302</b>	0.992	8.36	> <b>20.00*</b>	<b>2.50</b>	225	<b>7.23</b>
<b>209M0303</b>	0.195	> <b>20.00*</b>	15.51	<b>3.63</b>	459	<b>14.76</b>
<b>209M0304</b>	0.875	13.03	> <b>20.00*</b>	<b>1.76</b>	139	<b>4.47</b>
<b>209M0305</b>	0.318	> <b>20.00*</b>	14.72	<b>3.01</b>	785	<b>25.24</b>

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<b>209M0306</b>	1.429	<b>&gt;20.00*</b>	19.73	<b>3.67</b>	217	<b>6.98</b>
<b>209M0307</b>	8.902	8	10.83	<b>1.78</b>	328	<b>10.55</b>

**\*Upper Assay Limit**

The Silver results ranged from 4.47 oz to a prolific 25.24 oz/ton. The Gold results were 1.76 - 3.67 g/t with 6 samples reporting > 2.31 oz.

Recent sampling also included rocks from the main VMS exposure and from adjacent boulders, the samples consisting of well banded VMS with varying <1 to 1 inch + bands of visible copper, lead and zinc mineralization. Samples 20NM0200 and 20NM0201 were split in half prior submission to check on the homogeneity of the respective samples. In this sample set, the samples were either primarily high-grade copper with lead and zinc or high-grade lead-zinc with less copper. There are very good gold values ranging between 1.089 and 3.764 g/t Au, while the silver was more consistent than the results above, the results in Table 2, all over 2 oz per ton.

**Table 2: Group II Grab Sample Results\*, Nine Mile Brook**

Sample #	Cu %	Pb %	Zn %	Au g/t	Ag g/t	Ag oz/t
20NM0200A	<b>12.402</b>	0.4	0.04	<b>1.179</b>	73	2.35
20NM0200B	<b>11.209</b>	0.32	0.04	<b>1.089</b>	67	2.15
20NM0201A	<b>2.803</b>	17.37	17.63	<b>2.542</b>	66	2.12
20NM0201B	<b>3.385</b>	17.12	15.42	<b>2.938</b>	85	2.73
20NM0202	<b>2.625</b>	5.81	16.08	<b>3.298</b>	72	2.31
20NM0203	<b>2.108</b>	17.9	9.08	<b>3.764</b>	98	3.15
20NM0204	<b>14.142</b>	1.63	1.65	<b>2.377</b>	66	2.12
20NM0205	<b>4.238</b>	5.52	17.66	<b>2.969</b>	70	2.25

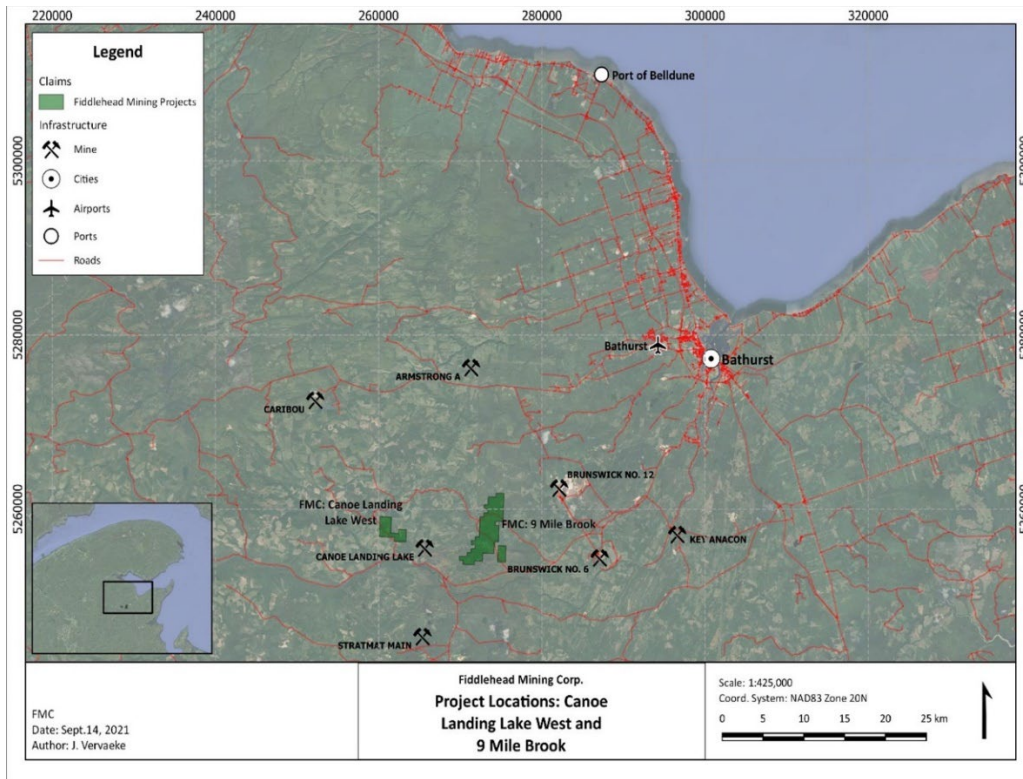
Both sample sets (Tables 1 & 2) demonstrate the high-grade base metal potential at the Nine Mile Brook VMS Project.

*\*The reader is cautioned that these grab samples characterize the higher - grade mineralization. Not all samples should be considered representative of the mineralized zones hosted within the projects, documented in part by these samples.*

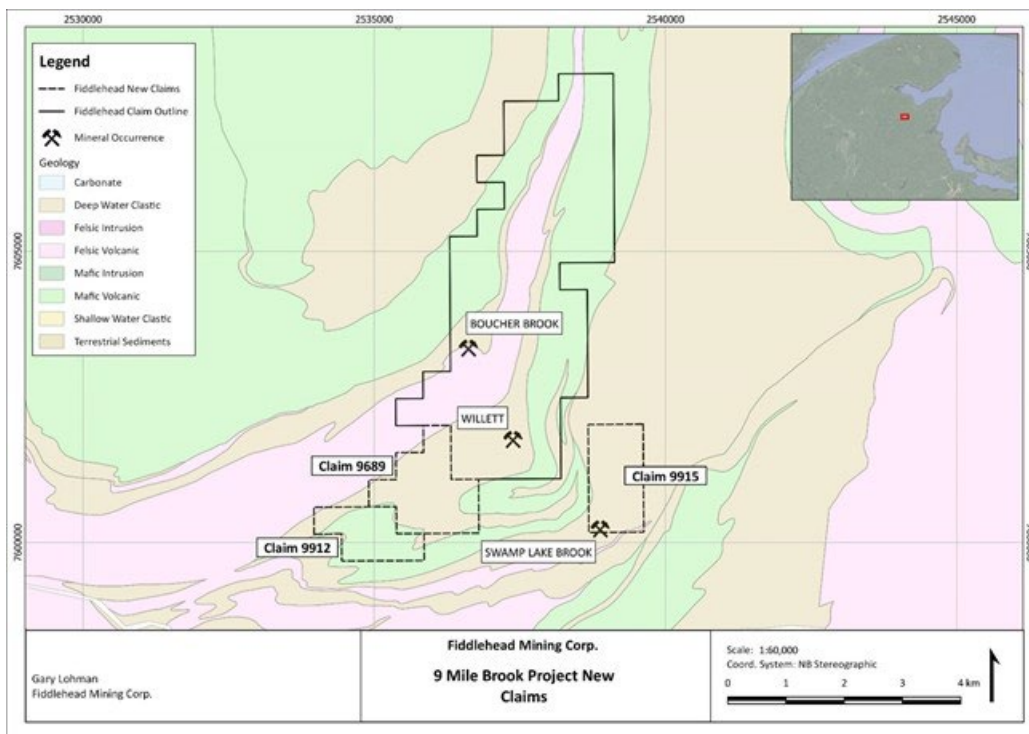
For additional information on the Nine Mile Brook and Canoe Landing Lake West projects, please refer to the Technical Report titled *Nine Mile Brook and Canoe Landing Lake West Projects Bathurst Mining Camp, New Brunswick, Canada*, dated October 6, 2021, filed on SEDAR, for more information.



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**Figure 1: Regional Location**



**Figure 2: Sample Location, Willett Occurrence**

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### Previous Exploration

The Company has also reported assay results from a work program completed on the Nine Mile Brook project by FMC and prior to the Company acquiring an interest in Nine Mile Brook.

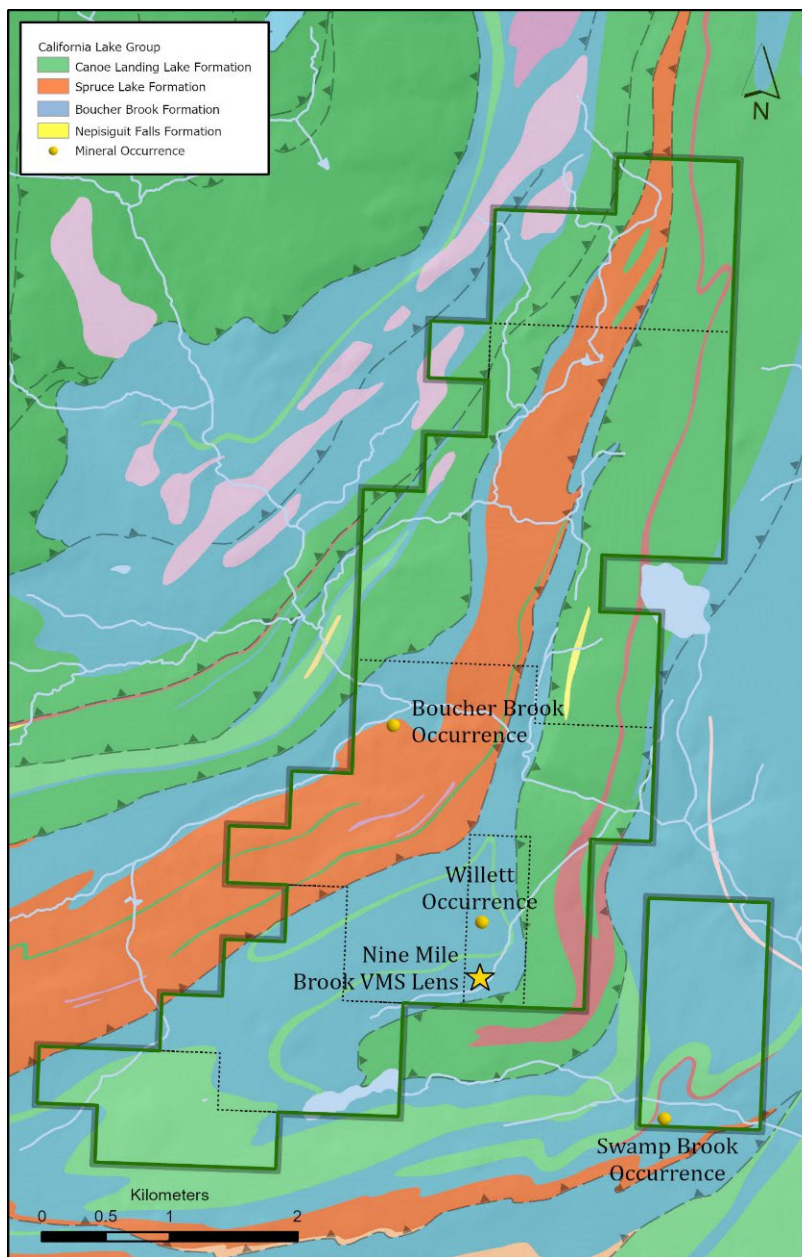
FMC completed a work program in September 2021 to sample sections of the VMS Lens Extension. Ten (10) samples were broken off the VMS Lens Extension for assay and submitted for analysis to Bureau Veritas Laboratories located in Timmins, Ontario ("BV Labs"). Due to the high-grade nature of the samples, analytical package AR404 was requested, the method specifically designed for high precision and accuracy required to quantify commodity elements for resource evaluation. This method had an upper limit maximum of 20% for copper, lead, and zinc. Since some values were above the maximum limit, analytical packages MA370 and GC817 were also employed by BV Labs, the latter having an upper limit of 100% Pb for lead. The results are summarized below in Table 1.

**Table 1: BV Labs Assay Results**

Sample #	Cu	Pb	Zn	Pb-Zn	Au	Ag	Ag
	%	%	%	Combined	g/t	g/t	oz/t
				%			
<b>219M01</b>	7.394	<b>16.63</b>	9.92	<b>26.55</b>	<b>1.195</b>	450	<b>14.47</b>
<b>219M02</b>	3.235	<b>20.73</b>	9.95	<b>30.68</b>	<b>1.234</b>	433	<b>13.92</b>
<b>219M03</b>	1.894	<b>19.82</b>	11.19	<b>31.01</b>	<b>0.761</b>	346	<b>11.13</b>
<b>219M04</b>	1.769	<b>12.13</b>	19.79	<b>31.92</b>	<b>2.446</b>	111	<b>3.57</b>
<b>219M05</b>	7.527	<b>0.41</b>	0.16	<b>0.57</b>	<b>1.366</b>	48	<b>1.54</b>
<b>219M06</b>	1.063	<b>19.12</b>	16.61	<b>35.73</b>	<b>2.694</b>	166	<b>5.34</b>
<b>219M07</b>	0.692	<b>19.02</b>	8.09	<b>27.11</b>	<b>2.317</b>	315	<b>10.13</b>
<b>219M08</b>	7.493	<b>0.31</b>	0.06	<b>0.37</b>	<b>1.456</b>	281	<b>9.04</b>
<b>219M09</b>	0.532	<b>16.07</b>	22.11	<b>38.18</b>	<b>2.370</b>	81	<b>2.61</b>
<b>219M010</b>	0.849	<b>9.64</b>	27.06	<b>36.70</b>	<b>2.240</b>	308	<b>9.90</b>

The base and precious metal values encountered in this last round of sampling are great in both grade and consistency. The assay results demonstrate the variability within the VMS sequence at Nine Mile Brook, highlighted by discreet, higher-grade sections of both base and precious metals.

In 2022, the Company's exploration will focus on defining potential targets within and proximal to the California Lake Group Volcanics to the north of the VMS lens. To assist, high-definition UAV magnetics will be utilized to define the extent of the mineralized lens and associated geologic contacts.



**Figure 1: California Lake Group Volcanics host numerous VMS Deposits in the BMC**

Host to the Trevali Mining Corp's Caribou Mine, the California Lake Group, depicted in orange on Figure 1, is one of the 3 major units that host VMS deposits in the BMC. The flagship Nine Mile Brook hosts a large geological section through the core of its land package. This high priority target area is up ice and may have been the potential source of the exposed VMS mineralization.

The technical information in this MD&A has been prepared in accordance with Canadian regulatory requirements as set out in NI 43-101 and reviewed and approved by Gary Lohman, B.Sc., P. Geo. who acts the Company's Qualified Person and as the COO of FMC, is not independent of the Company.

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***Millennium Gold Project***

The Company assumed, through its acquisition of Lynx, an agreement to earn a 100% interest in the Millennium Gold Project, in Mohave County, Arizona. In June 2021, the Company terminated its Millennium Gold Project option agreement because it discovered the permits are not sufficient to allow the Company to explore the Millennium Property and that curing the permits' deficiencies is not worth the overall cost. Other than the transfer of property interests and removal of equipment from the property, the Company does not have any further obligations to the property or its owners. As a result, the Company fully impaired the acquisition costs related to the Millennium Gold Project in fiscal 2021.

***Black Point Project***

In October 2018, the Company entered into a letter of intent with Golden Pursuit Resources Ltd. ("Golden Pursuit"), a public company listed on the TSX Venture Exchange, to earn up to a 60% interest in the Black Point Property located in Eureka County, Nevada, USA. In December 2020, the Company terminated its option agreement with Golden Pursuit as a result of disappointing drilling results. As a result, the Company fully impaired the acquisition costs related to the Black Point Property in fiscal 2021.

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**Financial****Selected Annual Information**

The following provides a summary of the Company's financial position and results of operations:

	September 30, 2021	September 30, 2020	September 30, 2019
	\$	\$	\$
Loss for the year	(6,269,036)	(737,689)	(602,315)
Basic loss per share	(0.31)	(0.09)	(0.08)
Total assets	982,400	281,652	820,007
Total non-current financial liabilities	50,373	—	—

**Quarterly Results**

During the most recent eight quarters, the Company has not recognized any revenue or incurred any loss from discontinued operations. The following provides a summary of selected quarterly results:

Period ended:	Revenues \$	Net loss \$	Net loss per share \$
March 31, 2020	—	(92,240)	(0.02)
June 30, 2020	—	(60,795)	(0.00)
September 30, 2020	—	(450,331)	(0.05)
December 31, 2020	—	(336,643)	(0.02)
March 31, 2021	—	(468,572)	(0.04)
June 30, 2021	—	(5,398,457)	(0.25)
September 30, 2021	—	(65,364)	(0.00)
December 31, 2021	—	(118,571)	(0.01)

Some differences in the results of operations for each quarter include:

- March 31, 2020 – Majority of expenses in the quarter were related to legal fees of \$31,929 to list the Company's shares on the CSE, which occurred in February 2020. Mineral exploration costs of \$19,304 were related to completing the NI 43-101 Technical Report on the Black Point Property.
- June 30, 2020 – The Company incurred mineral exploration costs of \$9,828 in preparation of the drill program at the Black Point Property. Management fees of \$12,500 represent fees billed by the President and CFO.
- September 30, 2020 – The Company incurred mineral exploration costs of \$196,813 primarily related to the drill program at the Black Point Property and recognized an impairment of \$66,363 related to the terminated option agreement for the Black Point Project. The Company also incurred higher professional expenses related to the transaction with Lynx and recorded share-

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based compensation of \$181,867 with the grant of options in the period.

- December 31, 2020 – The Company incurred mineral exploration costs of \$69,426 due to initial preparation and work for the drill program at the Millennium Gold Project. The Company also incurred consulting and professional fees in the period as a result of increased activity to complete the transaction with Lynx.
- March 31, 2021 – The Company incurred mineral exploration costs of \$95,393 as the Company continued work on the Millennium Gold Project including preparation for the drill program and the staking of additional claims.
- June 30, 2021 – The Company recorded an impairment expense of \$5,114,316 related to the termination of the Millennium Gold Project option.
- September 30, 2021 and December 31, 2021 – The Company incurred minimal expenses as it evaluated potential resource projects, including the Nine Mile Brook project.

### ***Results of Operations***

For the three months ended December 31, 2021, the Company incurred a loss of \$118,571 (December 31, 2020 – \$336,643).

Certain notable expenses and related costs in the Company's operations during the three months ended December 31, 2021, compared to the previous period, include:

- Consulting fees include amounts paid for administrative and accounting services. The fees in the comparative period were higher as a result of increased activity to complete the Transaction with Lynx.
- Impairment of mineral property costs in the comparative period relates to the terminated option agreements for the Black Point and Millennium Gold projects.
- Management fees include amounts paid to the President and the CFO.
- Mineral exploration costs in the comparative period include exploration costs and amounts related to the NI 43-101 technical report and drill program on the Millennium Gold Project.
- Professional fees include audit and legal fees. The Company incurred higher costs in the comparative period as a result of the amalgamation of its subsidiaries Lynx and Lynx Gold Corp., the Transaction with Lynx and costs related to the closing of private placements.
- Share-based compensation expense is related to the grant of options in the period.
- Transfer agent and filing fees include amounts incurred for shareholder services and fees for regulatory filings.
- Wages and benefits include amounts paid to employees for administrative and accounting services.

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**Exploration costs:**

The Company incurred exploration costs of \$nil for the three months ended December 31, 2021 (December 31, 2020 - \$69,426). The exploration costs for the three months ended December 31, 2020 include:

	Black Point Property \$	Millennium Property \$	Total \$
Assays	17,784	-	17,784
Staking fees	-	18,180	18,180
Geological and geophysics	5,810	24,698	30,508
Travel	-	2,954	2,954
	23,594	45,832	69,426

The Company fully impaired the acquisition costs related to the Millennium Gold and Black Point Projects in fiscal 2021.

**Liquidity and Capital Resources**

At December 31, 2021, the Company had cash of \$869,147 (September 30, 2021, - \$947,358) and working capital of \$840,312 (September 30, 2021 - \$957,078). For the three months ended December 31, 2021, the Company had negative cash flows from operations.

Certain factors that may have an effect on the Company's liquidity include:

- The Company has entered into an agreement with FMC to acquire the Properties that requires the Company to make option payments in aggregate of \$3,000,000 over four years and incur \$1,000,000 of expenditures, including at least \$500,000 of expenditures in the 12 months following the effective date of the option agreement.
- The Company has opened a Canada Emergency Business Account and received a loan of \$60,000 from the Government of Canada. The loan is interest-free and may be repaid any time before December 31, 2023, at which time, if unpaid, the remaining balance will convert to a two-year term loan at an interest rate of 5% per year. If the Company repays the loan prior to December 31, 2023, there will be loan forgiveness of the loan of up to \$20,000.
- Obtaining financing is subject to a number of factors that may make the timing, amount, terms or conditions of additional financing unavailable to the Company.

**Changes in Financial Position**

The loss for the three months ended December 31, 2021 was \$118,571 (December 31, 2020 - \$336,643). Changes in the financial position since September 30, 2021 primarily relate to professional and administrative expenditures related to the evaluation of potential resource projects and ongoing public company expenses.

**Related Party Transactions**

The Company does not have any contractual relationships with directors or officers other than employment contracts in the normal course of business.

During the three months ended December 31, 2021, the Company incurred management fees of \$22,500

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(December 31, 2020 – \$18,000) to the Chief Executive Officer of the Company.

During the three months ended December 31, 2021, the Company incurred management fees of \$3,000 (December 31, 2020 – \$1,500) to the Chief Financial Officer ("CFO") of the Company.

During the three months ended December 31, 2021, the Company incurred consulting fees of \$18,000 (December 31, 2020 – \$18,000) to a company controlled by the son of the CFO of the Company.

During the three months ended December 31, 2021, the Company incurred rent of \$6,750 (2020 – \$10,500), and office and miscellaneous of \$2,250 (December 31, 2020 – \$1,500) to a company with common officers and directors.

### ***Fair Value Measurements and Risks***

#### **(a) Fair Values**

Fair value measurements are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of the Company's financial instruments, which include cash, accounts payable and accrued liabilities, and loan payable approximate their carrying values due to the relatively short-term maturity of these instruments.

#### **(b) Credit Risk**

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

#### **(c) Foreign Exchange Rate Risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's functional and reporting currency is the Canadian dollar. The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. As at December 31, 2021, the Company has a cash balance of US\$132,552 denominated in U.S. dollars. The Company has not entered into foreign exchange rate contracts to mitigate this risk.

#### **(d) Interest Rate Risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk as it does not have any liabilities with variable rates.



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### (e) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company manages liquidity risk by maintaining sufficient cash balances and adjusting its operating budget and expenditure. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term and other specific obligations.

### (f) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

## **Capital Management**

The Company's objectives when managing capital are to raise the necessary equity financing to fund its projects and to manage the equity funds raised which best optimizes its programs and the interests of its equity shareholders at an acceptable risk. In the management of capital, the Company includes the components of shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may raise additional equity funds. The Company is not subject to externally imposed capital requirements.

## **Share Capital**

On December 20, 2021, the Company consolidated its share capital on a 2 old for 1 new basis. All share and per-share amounts have been retroactively restated for all periods presented to reflect the consolidation.

The Company had 21,918,729 common shares issued and outstanding at December 31, 2021 and September 30, 2021.

### ***Share Issuances***

In January 2022, the Company issued 21,000,000 common shares pursuant to the mineral property purchase and sale agreement with FMC to acquire the Properties. The Company also issued 630,000 common shares as a finder's fee upon completion of the Transaction.

### ***Outstanding Share Information***

The Company has one class of authorized capital, being an unlimited number of common shares without par value. As at the date of this MD&A, the Company has the following issued and outstanding:

- 43,548,729 common shares.
- Warrants to purchase 4,787,613 common shares.
- Broker warrants to purchase 283,266 common shares.
- Stock options to purchase 800,000 common shares.